Austria ... Sch. 15	Indonesia .. Rp 2500	Portugal ... Esc 65
Bahrain ... Din 0.650	Italy ... L 1100	S. Arabia .. Rs 6.00
Belgium ... BFr 35	Japan ... Y600	Singapore . S$ 4.10
Canada ... C$2.50	Jordan ... Fils 500	Spain ... Pta 85
Cyprus ... Mils 600	Kuwait ... Fils 500	Sri Lanka .. Rup 30
Denmark ... Dkr 7.00	Lebanon ... £1 0.00	Sweden ... Skr 5.50
Egypt ... E£1.00	Luxembourg .. LFr 35	Switzerland . SwFr 2
Finland ... Fmk 5.50	Malaysia ... Rm 4.25	Taiwan ... NT $65
France ... Fr 5.50	Mexico ... Pes 200	Tunisia ... Din 0.600
Germany ... DM 2.00	Morocco ... Dh 6.00	Turkey ... L 180
Greece ... Dr 60	Netherlands .. Fl 2.75	U.A.E. ... Dh 6.50
Hong Kong .. HK$ 12	Norway ... Nkr 6.00	U.S.A. ... $1.50
India ... Rup. 15	Philippines .. Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,127 — Friday September 23 1983 — D 8523 B

Brazil and IMF: the goals are strictly short-term, Page 4

NEWS SUMMARY

GENERAL

Marcos threatens 'extreme' measures

Philippines President Ferdinand Marcos hinted yesterday that he would consider reimposing martial law after 11 people died on Wednesday in anti-Government demonstrations near the presidential palace.

President Marcos gave the warning on nationwide television following the violence which erupted after a peaceful rally by 75,000 protestors demanding his resignation because of the assassination of Mr Benigno Aquino, the opposition leader.

Mr Marcos, visibly angered by the riots around the Malacanang palace, said in his broadcast: "I warn the opposition do not force my hand, do not compel me to take to extremes that you already know of." Page 4

Black box race

U.S. Rear Admiral William Cockell said Soviet and U.S. ships had nearly collided in a race to find a flight recorder from the South Korean jumbo jet shot down by the Soviets three weeks ago.

Missiles deadlock

Chief Soviet negotiator at the U.S.–Soviet missile talks, Yuli Kvitsinsky, heard the new U.S. proposals aimed at breaking a deadlock, but said he was no more hopeful of an agreement. West German reaction, Page 3.

Spanish work-in

Workers sacked from a Spanish state steel mill in the eastern port of Sagunto defied orders to quit and stayed at their jobs amid threats of national protest strikes. Page 2.

Belgian standstill

Belgium's public services were nearly at a standstill as the unions considered an offer of job guarantees in exchange for public sector spending cuts. Page 16

Detention reform

The Italian Government said it will introduce measures next month to reduce the long periods of detention which terrorist suspects such as missing Marxist MP Professor Toni Negri often undergo before trial. Page 3

Aeroflot flight

Aeroflot said one of its airliners landed in Paris yesterday despite bans placed on the Soviet airline flying over Western territory. It took the southern route via Budapest.

Sahara failure

A mini-summit of African leaders in Addis Ababa yesterday abandoned an attempt to solve the Western Sahara crisis after Morocco refused to negotiate directly with separatist guerrillas.

Relatives in vigil

A 24-hour human rights demonstration continued in Buenos Aires yesterday after more than 1,000 relatives of missing people maintained an overnight vigil outside the presidential palace.

Fatal attraction

Amorous female elephant Yilong, 42, and her mate Baibao, 53, who weighed more than 6 tonnes, died in Canton Zoo after she made a pass at him and they landed on top of each other in a narrow moat.

Briefly ...

Yugoslavian youth, aged 16, held up a bank in Niska Banja, Serbia, and took 780,000 Dinars ($7,800).

Third East German this week escaped to West Germany.

BUSINESS

DJ index surges to record 1257.52

WALL STREET share prices jumped sharply in a broad-based late trading rally which sent the Dow Jones Industrial average climbing to an all time high.

The index closed up 14.23 points at 1257.52, more than eight points above the previous record of 1249.19 set on Tuesday. Most of share price gains came in the closing minutes of trading.

The late rally, which reversed an earlier weakness in the market, was helped by a further slight decline in U.S. short-term interest rates and reports from the credit markets of unexpectedly strong demand for the 20-year bond auctioned by the Treasury yesterday.

● SIR MICHAEL EDWARDES, who was executive chairman of BL, the British motor vehicle producer, until the end of 1982, is to be the chairman of ICL, the computer company which had to be rescued by the UK Government. Page 16

● DOLLAR rose to DM 2.678 (DM 2.666), FFr 8.095 (FFr 8.055), SwFr 2.1685 (SwFr 2.1605) and Y242.5 (Y242.05). Its trade-weighted index was 128.7 (128.4). In New York it closed at DM 2.6705; FFr 8.0750; SwFr 2.1620; and Y241.55. Page 37

● STERLING closed 75 points lower on the day in London at $1.499. It eased to DM 4.0175 (DM 4.02), FFr 12.1325 (FFr 12.135), SwFr 3.2525 (SwFr 3.255) and Y363.75 (Y365). Its trade-weighted index was 85 (85.2). In New York it closed at $1.5010. Page 37

● GOLD fell $2.5 an ounce in London to finish at $408.625. In New York the Comex September settlement was $412.3 ($411.9). Page 36

● LONDON: the FT Industrial Ordinary Share Index rose 2.1 to 708.1. Gilts prices picked up after a lower opening reflecting continuing hopes of an early ½ point cut in clearing bank base rates. Longer-dated issues retrieved early falls of ¼ to finish ⅜ better on balance. Report, FT Share Information Service, Pages 29-31

● *WALL STREET:* The *Dow Jones* Index closed at 1257.52 up 14.23. Report, Page 27.

● TOKYO: Nikkei Dow index rose 7.74 to 9,280.3, and the Stock Exchange Index closed 1.03 up at 684.65. Report, Page 27. Leading prices, other exchanges, Page 30

● FRENCH Government is expected to put a supplementary defence budget before the National Assembly in December to pay for its military operations in Chad and the Lebanon. Page 16

● PORTUGUESE Government has resisted opposition bids to block its proosals to raise an extra Esc 18bn ($144m) in taxes this year in a drive to reduce the budget deficit. Page 3

● WOMETCO Enterprises, the U.S. entertainment, cable television and soft-drink bottling company, has agreed to a $842m bid by a group of investors led by Kohlberg Kravis Roberts and Company, the leveraged buyout specialists. Page 16

● PENNZOIL, the Houston, U.S., based energy and mining company, has formed a $500m joint venture oil and gas production company with a group of private investors to acquire producing oil and gas properties. Page 17

● OERLIKON-BÜHRLE, the Swiss arms, hotels and footwear group, whose profits have collapsed dramatically in recent years, is heading for a loss this year and may not be able to pay a dividend. Page 18

● VICKERS, the UK car, defence and marine engineering group, reported a fall in its pre-tax surplus to £7.5m ($10.2m) for the first half of this year. Page 20

New York stock exchange prices were unavailable for this edition because of transmission difficulties.

French launch air strike on Druze positions after rocket attack

BY PATRICK COCKBURN IN BEIRUT

FRENCH aircraft yesterday attacked Druze militia positions in the hills above Beirut in retaliation for a rocket attack on the French base in the Lebanese capital.

The bombing raids by the French Super Etendard jet-fighters launched from aircraft carrier Foch were the first use of air strikes by the 5,400-strong four-nation multinational force, made up of U.S., French, Italian and British soldiers. The raid followed a ground-to-ground rocket attack which wounded four French soldiers. Another two members of the French force were injured when a grenade was thrown into their truck. It was not immediately clear who fired the rockets.

Earlier yesterday, Charles Hernu, the French Defence Minister, gave French forces permission to shoot back in self-defence without specifying how his order would be carried out. Last month, however, the French said that Foch-based aircraft might be used against Druze artillery batteries.

In Beirut, yesterday's escalating clashes were seen as an almost inevitable consequence of the U.S. naval bombardment of Druze positions over the preceding three nights.

This was in direct support of the Lebanese Army, while the French, Italian and British contingents follow different rules of engagement and are under orders only to respond to attacks endangering soldiers' lives.

U.S. support of the Lebanese Army in its war with anti-Government Druze and Palestinian forces is clearly provoking retaliation against the multinational force as a whole.

Yesterday's incidents, in which the Italians also came under attack, underline the increased vulnerability of the peacekeeping force now that the U.S. Marines who belong to it are acting virtually as direct military allies of the Lebanese Government.

The 12 U.S. warships offshore yesterday continued to shell Druze and Syrian positions and will soon be reinforced by the arrival of the reconditioned battleship New Jersey.

Two rockets hit the ammunition reserve of the Italian parachute battalion, leading to a spectacular explosion of some 25 tons of ammunition but no casualties.

The French and Italians together provide some 4,100 members of the multinational force, and their governments are clearly concerned that their role has changed as a result of U.S. actions. M Claude Cheysson, the French Foreign Minister, has publicly dissociated France from the actions of the U.S. Sixth Fleet.

The four Italian battalions belonging to the multinational force see their main role as defending the civil population as much as supporting the Lebanese Government. They patrol an area containing up to 600,000 people – including the Palestinian camp of Chatila, where 900 people were massacred last year – in vulnerable military vehicles painted white.

In a bid to give their force greater military muscle in case they come under sustained attack, the Italian Government is to station six F-104 aircraft at the British sovereign base at Akrotiri in Cyprus, with British Government permission. These can provide aircover for the Italian troops if necessary.

On the battlefront, the Lebanese Army said that it had repelled another attack on the ridge-top town of Souq al-Gharb, in which 25 anti-Government fighters were killed. Shells also fell in East Beirut and not far from the presidential palace at Baabda.

But despite the continuing pressure on Souq al-Gharb and artillery fire on targets close to Beirut, the Druze and their Syrian allies have not attacked in any other direction. They have not tried to cut the coast road to the South or made diversionary assaults in other directions.

While this gave greater grounds for optimism in Beirut that the Saudi-led efforts to secure a ceasefire

Continued on Page 16

Military spending hits French budget, Page 16

Dunlop-Sumitomo deal to cost Europe 5,500 jobs

BY KENNETH GOODING IN LONDON, JOHN DAVIES IN FRANKFURT AND DAVID MARSH IN PARIS

JAPAN'S Sumitomo Rubber Industries is to pay £82m ($122.8m) for most of Dunlop's business. The decision by Britain's diversified rubber products group to give up its European tyre operations is expected to cost more than 5,500 jobs in the UK, France and West Germany.

Dunlop's net loss for the first half of 1983 rose to £22m ($32.9m) from £19m for the corresponding period last year on sales up from £775m to £825m. There is no interim dividend. Dunlop's shares closed 4p down at 57p after yesterday's results announcement. Details, Page 21; Lex, Page 16; Editorial comment, Page 14

The job losses are caused by the Japanese group's refusal to buy certain plants. These are the British car tyre manufacturing operations at Fort Dunlop, Birmingham, where there are likely to be about 1,000 redundancies, and Dunlop's two French tyre factories, at Montluçon and Amiens, which between them employ 4,500.

Closure of the French facilities, where losses were the equivalent of $16.5m last year and are running at a higher level this year, seems inevitable, but Dunlop will discuss the situation with the Paris Government first.

Sumitomo will purchase the tyre facilities at Washington, in North-East England, and at Wittlich and Hanau in West Germany. Employment at Washington will not be affected, but there will be "some reduction" at the German plants. Dunlop would not estimate the German redundancies yesterday because this will be a matter for discussion with the Japanese group.

Sumitomo will take on about 5,800 Dunlop employees – 2,600 in Britain and 3,200 in Germany.

The deal will involve a complete reversal in the flow of technology between Dunlop and Sumitomo. During the past 20 years Sumitomo has become Japan's second-largest tyre company (when its 48 per cent associate Ohtsu Tyre is taken into the reckoning) using Dunlop technology.

In future, Dunlop will take technology for its remaining tyre operations around the world from the Japanese group.

Sumitomo currently has a turnover equivalent to $845m and employs 4,000 people at four factories in Japan. It has – and will continue to have – the right to use the Dunlop brand name in Japan, Taiwan and Korea, but also sells under the Sumitomo label.

Paris will take a close interest in Dunlop's plans for the French manufacturing facilities. No official comment was available last night either from Dunlop's French subsidiary or from the Industry Ministry, which has been active in arranging financial aid for the loss-plagued company.

Officials said privately, however, that Dunlop's agreement to sell its British and West German tyre interests posed additional question marks over the future of the French subsidiary. As part of a restructuring deal involving FFr 270m ($33.52m) worth of state-backed loans, put together at the end of last year, Dunlop France already agreed 700 job cuts out of its 6,400 workers.

Dunlop France lost FFr 200m last year on a turnover of around FFr 1.7bn. Apart from tyres, the French company makes wheels and other rubber products.

Some observers have suggested that a link-up with Michelin, France's largest tyre producer and second in the world, might be the solution to Dunlop's French problems. But Michelin is also in financial difficulties after a FFr 4bn net loss last year, and fresh job cuts would be inevitable if any merger plan went through.

Mr James Muir, head of Dunlop in West Germany, said that the increased involvement of the Japanese would give Dunlop more muscle in Europe.

He predicted a speeding-up of the process of innovation, which should strengthen Dunlop's prospects of boosting sales to West German motor vehicle manufacturers.

Dunlop said the rationalisation programmes at its factories at Hanau and Wittlich would be pushed ahead. They had already begun to bear fruit, with a return to profits in the first half of this year after two years of losses.

Dunlop is the third-biggest tyre company in West Germany, after Michelin and Continental Gummi-Werke. Dunlop claims to have about 12 to 15 per cent of the domestic tyre market, while Michelin and Conti-Gummi together have more than half.

Conti-Gummi is the biggest supplier of tyres direct to West German car manufacturers.

The tyre industry in Germany has been picking up this year, but competition is intense and the companies are keenly aware of the need for further technological developments to keep pace with their rivals.

Conti-Gummi also has a Japanese link in the form of co-operation arrangements with the Toyo Rubber Industry Company.

Toyo has obtained technical know-how from Conti-Gummi for use in production of tyres for trucks and cars. Toyo also produces Conti-Gummi tyres in Japan and some of these tyres return to West Germany on Japanese cars.

Conti-Gummi's tie-up with Toyo is part of a strategy of links with tyre manufacturers around the world, including the U.S., India and South Africa.

Dunlop is giving up an 11 per cent share of the tyre market in Western Europe, where it is the fourth-largest manufacturer. The group has spent £28m to restructure its troubled British tyre operations in recent years. It has closed plants at Speke, Merseyside, and at Inchinnan, near Glasgow. The tyre-making workforce has been cut from 13,000 to 3,000, and next week the Dunlop factory at Cork, in Ireland, is to shut with the loss of 682 jobs.

Sir Campbell Fraser, Dunlop's chairman, said yesterday that European tyre losses totalled £24m in 1982 and were £14m in the first half of this year.

Continued on Page 16

Brussels to take action against illegal subsidies

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Commission will in future order companies to repay state subsidies which are in contravention of EEC competition rules.

The decision to stiffen competition policy, signalled in the EEC's Official Journal yesterday, follows persistent agitation by West Germany against the free use of subsidies in other parts of the Community.

Earlier this week, Bonn decided to take the Commission to the European Court of Justice for allegedly illegally approving steel subsidies in France, Italy, Belgium and the UK.

Officials said future demands for repayment of subsidies could come in cases such as that of the French textile industry. The European Court told the French Government this week that it must dismantle its assistance scheme for textile firms.

The judgment struck at the heart of the French Government's plan to assist the textile industry, which has been shedding 30,000 jobs a year. Help for textiles is an integral part of the Government's plan to revitalise industry.

The court's decision effectively backs the Commission's attack on the French programme.

The Commission and France have been in dispute about the aid scheme since it was introduced in 1982. The scheme allows companies to pay lower social security taxes where employment is maintained or increased.

The Commission earlier this year wrote to the French Government asking for explanations about its 1983 plan for the textile industry a plan that was broadly the same as one the Commission had declared illegal in 1982.

Under EEC rules, France had one month to reply, during which the system should have been suspended. In fact, it did not suspend the system and this prompted the Commission's move to the Court.

Other cases under investigation as possible examples of illegal state subsidies were French Government aid for a subsidiary of Timex, the U.S.-based watch and industrial company, and British help for the American Hyster forklift truck makers.

The Commission's new move marks its growing concern about the proliferation of subsidies granted without its approval. It is entitled to act independently in the competition area, and does not have to rely on political decisions by the Council of Ministers.

The Commission's right to demand the reimbursement of subsidies was established in July 1973 by a European Court of Justice decision but has not been used.

The decision to invoke the right in the future is in line with the present Commission's stringent but, as critics would have it, uneven application of the competition rules.

Under the Treaty of Rome establishing the EEC, all aid measures are in principle prohibited. There is scope, however, for relaxing the general principle, provided the Commission agrees. This has been done in some cases to help restructuring, as, for example, in the steel industry.

OECD warns Europe will fare worst as unemployment rises

BY DAVID HOUSEGO IN PARIS

PROSPECTS FOR employment in the industrialised countries remain bleak for the rest of the decade, the Organisation for Economic Cooperation and Development (OECD) says in a new survey.

It calculates that 20,000 jobs a day will have to be created within the 24-nation group over the five years to 1989, to reduce unemployment to its 1979 level. This represents some 35m jobs in all.

This rate of job creation would be 74 per cent higher than that required after the first oil shock of 1973–74, the OECD says, illustrating the magnitude of the task facing the industrialised countries in the wake of the second oil shock of 1979–80.

The OECD specifically warns of the danger that demands for higher real wages could force governments to tighten their monetary and fiscal policies, thereby preventing the growth needed to solve the unemployment crisis.

The calculations and warnings appear in a new annual report by the OECD on the "Employment Outlook" in the industrialised countries, the first issue of which is published today. It is intended to be an accompanying document to the OECD Secretariat's half-yearly economic forecasts.

The report estimates that some 20m new jobs will have to be created over the 1984–89 period just to hold unemployment stable at the level of 34.75m which it is expected to reach by the end of next year.

The worst of the unemployment within the OECD area is in Europe, the report makes clear. It foresees that unemployment will continue to rise in Europe to exceed 11.5 per cent of the labour force in the second half of next year. It would thus advance from 16.5m in late 1982 to almost 20m by the end of 1984.

Within Europe the fastest growth in the number without jobs is expected in France, where the Government's anti-inflationary policies are predicted to push unemployment from 8 per cent of the work force at the beginning of this year to 10.25 per cent by the end of next.

The OECD remarks that among those without work the load falls heaviest on the young and adults unemployed for a long time "who tend to be rejected by employers simply because they are long-term unemployed."

The Secretariat offers little in the way of new solutions to the unemployment problem. There was "no golden road" back to full employment, Mr Ron Gass, head of the Social Affairs Department, said yesterday.

Backing the view that real wage costs must come down in relation to the cost of capital, in order to revive profitability, the report states: "reversing this secular decline in profitability, possibly by cutting social security taxes and/or continued wage restraint, would no doubt help to increase employment, if the resources thereby released could be channelled into job-creating investment."

The OECD appears to be lukewarm about work sharing as a way of significantly increasing new jobs. Work sharing must include income sharing, if inflationary consequences are to be avoided.

Details, Page 2; Editorial comment, Page 14

CONTENTS

Spanish steelmen in Sagunto dig in for another siege

BY TOM BURNS IN MADRID

EVERY SPANISH schoolchild knows about Sagunto. Its ancient inhabitants, after an eight-month siege, set fire to the town and committed mass suicide rather than succumb to Hannibal shortly before the start of the Second Punic War.

Modern-day Sagunto, just north of Valencia and now the headquarters of the integrated steel plant Alto Hornos del Mediterraneo (AHM), appears set to achieve a new notoriety.

Indomitable like their forebears, the Saguntino steelmen seem determined to stop in its tracks the Government's plan for a far-reaching industrial reorganisation.

AHM, which is wholly owned by the state holding company, Instituto Nacional de Industria (INI), has been singled out by the Industry Ministry as the first item on the rationalisation agenda. The future viability of the plant depends on the construction of hot rolling installations. In July, when budget allocations for the steel sector were announced, it emerged that further investment in Sagunto was to be limited and that there was no hope of an extension of the plant.

Gonzalez: test case

The decision has prompted the first serious clash between labour unions and the 10-month-old Socialist Government of Sr Felipe Gonzalez. Both sides acknowledge that far more is at stake than the 4,000 jobs at AHM, of which some 2,000 will be lost in the near future under production cutbacks.

Sagunto is a test case for the entire industrial re-organisation programme. The main guidelines of the policy are contained in a confidential government White Paper. AHM is earmarked for closure and the two other steel plants, Altos Hornos de Vizcaya and Ensidesa, respectively near Bilbao and Oviedo on the Cantabrian coast, will be streamlined drastically.

After the steel sector, shipbuilding will be rationalised and then the textile industry.

At Sagunto, the battle lines are drawn. Spurred on by a militant union leadership, 160 workers defied the management by continuing production on a discontinued line. On Wednesday, the management carried out its threat to issue dismissal notices.

The sacked workers continued to work yesterday, the management threatened to close down the plant and the Communist-led Comsiones Obreras union, which is the dominant force in AHM, began preparing a national steel strike.

A climbdown by the Government at AHM would put future rationalisation programmes at considerable risk. It is therefore prepared to pay a high political cost at Sagunto.

The mass dismissal notices and the threatened lock-out are unprecedented actions in a nationalised industry and the veteran Communist leader, Sr Santiago Carrillo, has taken full advantage of the fact. "I never thought a Socialist government would take such measures," he told Parliament on Wednesday in a televised debate.

Sr Gonzalez, clearly irritated by Sr Carrillo's taunts that the socialists' economic policy was "conservative and bourgeois," replied that the AHM management was simply responding to a situation of industrial indiscipline. The Government, however, is undoubtedly uncomfortable about the course of events at Sagunto.

At the plant, the minority Socialist union, the Union General de Trabajadores, has fallen in line with the Comisiones Obreras' calls for strike action.

What has fuelled the anger of AHM workers is their belief that, of the three integrated steel plants in Spain, theirs is the most viable in the medium term. This was in fact suggested by a report commissioned by the previous Government from Japan'a Kawasaki Steel Corporation.

It is claimed at Sagunto that the Socialist Government has bowed to pressure from Italy and France to end the potential competiton that AHM would pose in the Mediterranean with hot rolling facilities, when Spain enters the European Community.

This is strenuously denied at the Industry Ministry and by INI officials who point out that AHM was born a white elephant and is a monument to the misguided optimism in Francoist Spain's continued growth. The plant was built in 1971 at a time when the projection for domestic per capita steel consumption was 500 kg a year in 1980. Consumption currently is 215 kg and the Spanish steel sector lost Pta 48bn (£21m) in 1982.

In the coming weeks, Sagunto will once more be the focus for a series of work-ins, strikes and lockout that will be a significant reference point for assessing the Socialist administration.

Spaniards, who make historical analogies at every turn, already speak in terms of the second gutting, this time metaphorical, of Sagunto, as the closure of AHM means the effective ruin of the town. But as one commentator put it yesterday: "Felipe Gonzalez cannot let Sagunto stand in his way anymore than Hannibal could."

Sweden acts on outflow of currency

By David Brown in Stockholm

SWEDEN'S central bank has raised by one point to 12 per cent its penalty rate for bank borrowing above quota in an effort to stem a currency outflow and adjust to higher money market rates.

About half the year's net currency outflow of SKr 10bn (£847m) has occurred over the past five weeks, according to the bank. Money market rates have gradually climbed from 11 per cent in June to around 12 per cent.

The bank has also abolished its liquidity ratio requirements used to regulate bank lending to the private sector. Lending will be controlled in future through the standing recommendation of the central bank which sets a 15 per cent limit on lending growth over successive 24-month periods.

The bank said the liquidity requirement change was technical and did not imply an easing of monetary policy.

● Sweden's balance of payments deficit narrowed to SKr 2.1bn (£177m) in the first six months of this year, an improvement of about SKr 3bn over the level a year earlier.

OECD REPORT ON UNEMPLOYMENT

Bleak outlook for Europe's jobless

BY IAN HARGREAVES

UNEMPLOYMENT will continue to rise in Europe at least until the end of 1984, but there should be some improvement in North America. Overall, unemployment in the OECD countries will be 34.75m by the end of next year, compared with 34m now.

These figures form the statistical backdrop to the OECD's first annual review of the labour markets in its member countries. Although pessimistic in its forecasts, the OECD report contains ideas on the policies governments should adopt to mitigate an otherwise bleak outlook.

The report distinguishes six potentially helpful avenues in labour market policy:

● Policies designated to recognise structural changes in the job market, such as the switch from manufacturing to services;

● Policies to reverse the real rise in European labour costs, which the report says are part of the cause of structural, as opposed to cyclical, unemployment;

● Specific policies to deal with the young and long-term unemployed;

● Government subsidies to reduce the cost of labour in the private sector, allied to direct job creation in the public sector;

● Changes in working time to share out available work, so long as workers accept the corollary of income-sharing;

● Measures to persuade companies and unions to frame agreements which "help translate recovery into more output and jobs rather than into higher wages and prices."

The report does not offer detailed analysis of the hundreds of schemes and policies which have been tried in the last five years, but does offer some broad judgments about potential success and failure.

Job creation and marginal employment subsidy schemes, which are being widely used, both "have some advantages compared with income tax cuts," says the report. These measures produce more jobs for less inflation than tax cuts, and although there are problems of efficiency and monitoring, "careful design . . . can shrink them."

In a chapter on working time, the report shows that in several countries the number of hours worked by the average worker fell by 20 per cent between 1960 and 1981. This process, however, has levelled off since the second oil shock, except in the UK. The report offers no explanation why the trend towards declining hours should have eased in spite of a worsening recession in 1981-82.

Part-time work has also increased in importance, partly as a result of a continued strong influx of women in to the labour force in most countries. In net terms, one in every two new jobs created in Europe since the first oil crisis has been part time.

Part-time work should be encouraged, says the report, as a way of young people combining work with studies and as a way of phasing in retirement.

The report rejects arguments for general reductions in the retirement age. It says that early retirement programmes should carry the condition that the early retiree is replaced by someone from the unemployment register—as is the case with the UK's Job Release scheme. This the report describes as "a potentially powerful way to restructure working time in a non-inflationary way."

Turning to collective bargaining, the report warns of the dangers that pressures for higher real wages will force governments to tighten monetary and fiscal policy and so choke off the growth which in the end is the only solution to the employment crisis.

In looking to the future, the report makes it clear that the labour force will continue to grow. Between 1984 and 1989, the OECD labour force is expected to grow by a further 18 to 20m people.

In Europe, however, the number of jobs continues to fall, although by the second half of next year, European employment may have stabilised at a level 2m lower than in 1982. For the OECD as a whole, employment is projected to rise by 0.5 per cent in the second half of this year.

This means that the unemployment rate should start to decline in North America in the current half year, falling to below 9.5 per cent by the end of 1984. The European unemployment rate, by contrast, is expected to go on rising, exceeding 11.5 per cent in the second half of 1984. That would mean European unemployment of 20m by the end of 1984, up from 16.5m in the second half of last year.

The report notes that 20,000 extra jobs will have to be created each day in the second half of this decade if OECD unemployment is to fall to its 1979 level of 19m.

The proportion of those out of work for a year or more will also go on increasing from the current European level of one in three. The report suggests the ratio of long-term unemployed to total jobless will in 1984 reach 45 per cent in France and 40 per cent in the UK. "The current outlook for long-term unemployment . . . is thus extremely bleak."

OECD Employment Outlook, 2 Rue Andre-Pascal, 75775 Paris.

EUROPEAN NEWS

Soares staves off taxation defeat

By Diana Smith in Lisbon

THE PORTUGUESE Government has resisted opposition bids to block its proposals to raise an extra Esc 18bn ($144m) in taxes this year in its drive to reduce the budget deficit inherited from its predecessor.

After a heated debate lasting late into the night, Sr Mario Soares' Socialist-Social Democrat majority, which controls 61 per cent of the seats in parliament, defeated separate attempts by the right-wing Christian Democrats, by an independent left-wing group and by the communists to declare the proposals unconstitutional.

Defending the Government, Sr Antonio Almeida Santos, the Deputy Premier, insisted that the administration had a choice of austerity and higher taxes, or of seeing funds dry up quickly. Sr Santos said that the Government inherited a budget deficit of Esc 204bn – about 12 per cent of gross domestic product, more than Esc 50bn more than official forecasts. He asked the opposition, scathingly: "Would you rather we hung around with our arms folded waiting for Esc 204bn to appear by magic?"

The tax proposals largely affect the better-off and leisure activities, but also include a 2.8 per cent levy on extra income such as Christmas bonuses.

Gaming tax rises from 15 per cent to 20 per cent. Owners will pay tax on passenger vehicles of more than 1700 c.c. motorcycles of more than 500 c.c. under five years old; private aircraft of 1.4 tonnes or more

Another unpopular proposal is the new Esc 1000 tax to be paid by every adult leaving the country

Hungary forced to abandon bus service to Romania

BY LESLIE COLITT IN BERLIN

THE PETROL war in Eastern Europe took its latest toll this week when Hungary was forced to cancel its frequent bus services to neighbouring Romania.

The Romanian Government stopped Romanian buses from travelling to the rest of Eastern Europe late last year because of the need to "conserve petrol."

The other East European countries were then obliged to cancel their tourist bus lines to the popular Romanian Black Sea coast, which were based on reciprocal agreements.

Until this week, however, Hungary's Volan Transport Company was able to continue its bus services to the Transylvanian region of Romania where most of the 1.6m ethnic Hungarians in Romania live.

The severing of the bus links means that Hungarians visiting their relatives in Romania will have to make circuitous rail trips to reach them. Hungarians claim this is part of a long-standing Romanian policy to discriminate against the Hungarian minority.

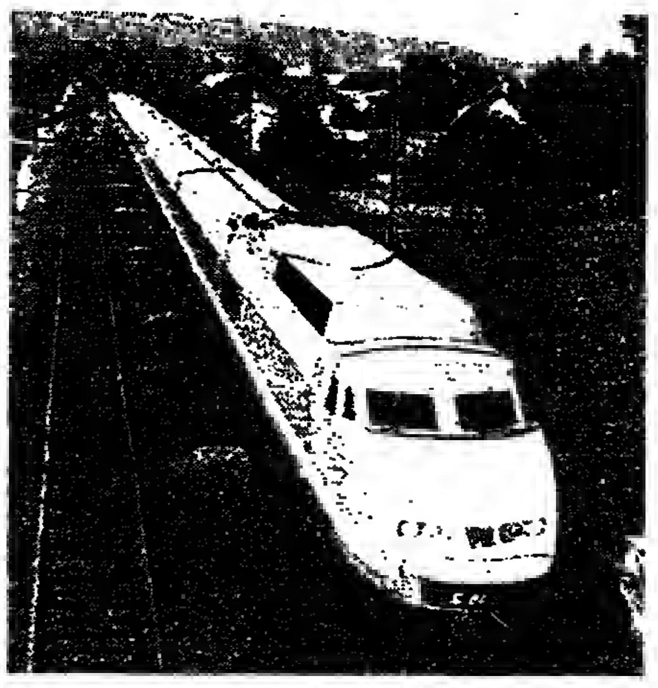
Romania also has little interest in fostering tourism by other East Europeans to the country, as they do not bring in hard currency and are regarded as a burden on the country's already stretched supplies of food and fuel.

In August, 1979, at the height of the tourist season, Romania decreed that East European motorists in the country would have to pay for petrol in hard currency. This led to angry protest notes from the other East European countries and threats of economic counter-measures which led Bucharest to back down.

East European tourists in Romania this summer said they rarely saw meat in the restaurants.

French high-speed train on track for profit

BY HAZEL DUFFY IN PARIS



The TGV is the world's fastest train

WHAT IS orange and always takes less than 35 hours? asked the leaflet handed out by the rail unions to the Press party boarding one of French railways 107 sleek orange high-speed trains at the Gare de Lyon in Paris. It was a reminder that railway workers are pressing for a 35-hour week, and that behind the superb achievement of the Train à Grande Vitesse (TGV) project, not everything on French railways is rosy.

This week, however, belongs to the TGV. The final northern section of special track comes into operation officially on Sunday, cutting the journey time on the 264-mile Paris-Lyons route to just two hours (a record breaking 1 hr 51 mins in fact yesterday) at an average speed of 132 mph and a maximum of 168 mph.

The French are characteristically proud that they have the fastest train in service in the world; it is 40 mph faster than the swiftest Japanese trains. Paris-Geneva journey time has been cut to 3 hrs 30 mins, Paris-Marseilles to 4 hrs 52 mins.

In financial terms, the TGV is right on target, proving that it will never be the Concorde of the railways. Next year, SNCF, the state railway company, forecasts that TGVs will be carrying 15m passengers, producing FFr 4bn in revenue. Net profit is estimated at FFr 700m after payment of interest charges of FFr 1.6m and FFr 400m amortisatio of rolling stock and fixed equipment, and FFr 1.3bn for running costs.

For a network whose losses were around £2.5bn last year, the TGV is more than a status symbol. It attracted new passengers at the rate of an estimated 8,400 a day in the first half of 1983. The average number of passengers using TGVs was 22,600 a day and average load factors of around 65 per cent and 100 per cent at peak times are achieved.

But SNCF's hopes that the proven success of the train on the Paris-southeast network would be followed quickly by the planned extension to the Atlantic coast have not so far been realised. Last week President Francois Mitterrand said the TGV Atlantique will definitely be built but it is not entirely clear how it will be financed. Although the Government has promised to pay for 30 per cent of the infrastructure SNCF does not want to repeat the first TGV project which was financed by loans on the open market. Construction of the track cost FFr 6,950m (1982 prices) and the 107 trains have cost FFr 4,500m.

The Government recognises that SNCF, which already carries an enormous debt, should not finance the project alone. There are doubts, however, about the attraction of the Atlantic route, with a suggested return of 12 per cent on capital over 10 years against 15 per cent for the southeast routes. Far from voting more money to the railways, last week's budget cut the amount available for investment.

Meanwhile, SNCF and the manufacturers of the TGV — notably Alsthom Atlantique which makes the Lotus car and assembles the trains at Belfort —hope to convince potential buyers in the U.S., South America and South Korea that the fastest train in the world offers the best long-term solution to their future transport needs.

Polish church in new talks

By Christopher Bobinski in Warsaw

THE POLISH church is to make a fresh attempt at dialogue with the Jaruzelski Government in a meeting of the church-state "mixed committee" to be held in the next few days, despite its rising frustration at the lack of official conciliation.

By contrast, the underground Solidarity committee, TKK, has taken an uncompromising stand in roundly condemning one of its former members, Mr Wladyslaw Hardek, for agreeing to appear on television after his capture by the authorities

Evidently, Mr Hardek had agreed to pretend that he had given himself up under the government amnesty, in return for his freedom. In a statement this week, TKK said "there can be no justification" for Mr Hardek's action, which had seemed a considerable propaganda coup for the Government.

In a communique after their two-day meeting this week in Warsaw, the Polish episcopate protested that the authorities were now removing crosses which had been placed in schools, factories and other lay institutions during the 1980-81 period of Solidarity's legality. This latest action, the bishops complained, contravened official assurances.

Italy to review remand laws

By John Phillips in Rome

ITALY is to introduce measures to reduce the lengthy periods of preventive detention that terrorist suspects frequently undergo before being brought to trial.

The move comes in the wake of the Italian parliament's decision to remove immunity from both prosecution and arrest from Prof Toni Negri, MP for the small libertarian Radical Party, and Marxist academic accused of being the ideological inspiration behind the Red Brigades.

Prof Negri, who spent nearly four years in detention awaiting trial on various charges including armed insurrection against the state, vanished on Wednesday following the parliamentary decision to allow his re-arrest.

Italy's Justice Minister, Sig Mino Martinazzoli, announced yesterday that proposals to reform the system of preventive detention will be put before parliament next month. The announcement came as Interpol launched an international search for Prof Negri, who is believed to have gone into hiding in France.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 75 Rockefeller Plaza, NY, NY 10019.

Bonn hails new missiles offer

BY JAMES BUCHAN IN BONN

THE BONN Government yesterday welcomed Washington's announcement of new nuclear arms control proposals, with officials hoping that they would help impress public opinion troubled by the prospect of new nuclear missiles in West Germany.

Herr Hans-Dietrich Genscher, the West German Foreign Minister, said President Ronald Reagan's new instruction for the U.S. team negotiating in Geneva over intermediate-range nuclear weapons reflected Bonn's views.

The new proposals, which have yet to be made public in detail, were discussed between Washington and the allies in exchanges of letters and in Nato's Special Consultative Group, which met in Brussels on Monday.

Chancellor Helmut Kohl and Mrs Margaret Thatcher, the UK Prime Minister who paid a short visit to Bonn, were quoted on Wednesday evening as saying the proposals made possible a flexible U.S. approach in the last round of the negotiations

The proposals are said to permit Mr Paul Nitze, the U.S. negotiator in Geneva, to go further than before in formally exploring elements of his "walk in the woods" formula of July, 1982. This unofficial deal, which was not accepted by Washington or Moscow, envisaged Nato deploying some missiles to match reduced Soviet totals in Europe, parity in nuclear-capable bombers and a limit to Soviet missiles in the Far East.

Herr Genscher said yesterday that the new proposals ought to make agreement in Geneva possible this year. But some officials doubt that the Soviet Union will prove any readier to make an agreement sanctioning new Nato missiles than it was to meet earlier demands that it remove all of its own missiles.

In these circumstances, Bonn is very anxious that public opinion should not hold the U.S. responsible for a failure of the negotiations. Officials are worried that Moscow, by insisting that British and French independent forces are quite adequate to match Soviet missiles in Europe without new deployment, has found an argument which is plausible but highly dangerous to the West.

While the new proposals are in line with Herr Kohl's public demand in the summer that the U.S. reconsider elements of the "walk in the woods," the domestic West German debate is likely to get sharper as the deadline for deciding deployment approaches.

Reuter adds from Geneva: Mr Yuli Kvitsinsky the chief Soviet negotiator yesterday heard the new proposals, but indicated after a two-hour meeting with the U.S. delegation that he was no more hopeful of agreement.

In Moscow, Marshal Nikolai Ogarkov, the Soviet Chief of Staff, said that Washington was stubbornly preparing to deploy new missiles in Europe as the means for a first strike against the Soviet Union. Western diplomats said the tone of his comments, in an article issued by Tass, appeared to suggest Moscow would give a chilly reception to any plan which allowed the U.S. to deploy a substantial number of missiles.

Kohl faces first voting test since taking office

BY JONATHAN CARR IN BONN

THE WEST German centre-right coalition under Chancellor Helmut Kohl faces its first regional voting test this Sunday since it swept to victory in the general election of March 6.

More than 4.5m voters in the states of Hesse and Bremen will go to the polls after campaigns dominated by national issues—especially unemployment and nuclear missiles deployment.

In Hesse, Herr Kohl's Christian Democrats (CDU) aim to end a year-long parliamentary deadlock and form a government coalition with the liberal Free Democrats (FDP), as in Bonn.

But it is touch and go whether the FDP can surmount the "5 per cent hurdle," the minimum voter support needed under German law to win parliamentary seats.

If th FDP fails to return to the Hesse parliament this will not only destroy the CDU's coalition hopes and perhaps mean further political deadlock. It would also bring still tougher criticism of the FDP national leader, Herr Hans Dietrich Genscher, from within his party.

In Bremen the SPD has traditionally formed the government and won a handsome 49.4 per cent of the vote in the last regional election there in 1979. But the state faces unusually severe economic problems.

The run-down in the shipbuilding industry, the difficulties of Germany's ocean fishermen and the steel crisis have combined to produce an unemployment rate in Bremen of nearly 14 per cent—well above the national average. The outcome of the Bremen election this time is fully open.

In both states the performance of the Greens, the party of ecologists, pacifists and other radicals, will be watched with special interest. The Greens are represented in the parliaments of both Hesse and Bremen, but there are signs of dwindling support for them. The SPD is adopting a more radical stance on the missiles issue, and attracting former Greens voters to its cause.

Italy to cut pre-trial detention

By Our Rome Correspondent

THE ITALIAN Government is to introduce measures to reduce the lengthy periods of detention which terrorist suspects, such as Prof Toni Negri, the missing Marxist MP, frequently undergo before trial.

Sig Mino Martinazzoli, the Minister of Justice, has announced that a plan to reform the system of preventive detention in Italy will be presented to Parliament next month.

The announcement came as Interpol launched an international search for Prof Negri. He had been elected on the lists of the tiny Radical Party after spending almost four years in prison before his trial on charges of inspiring the Red Brigades finally opened in February.

Prof Negri vanished this week following votes by his fellow MPs to strip him of his parliamentary immunity and authorise his re-arrest.

He is believed to be in hiding in France.

AMERICAN NEWS

White House woos Hispanic voters

By Reginald Dale, U.S. Editor, in Washington

"MR REAGAN'S idea of a statement to the Hispanic community is to point out he served enchiladas to the Queen." So Mr Arnold Torres, director of the League of United Latin American Citizens, scathingly sums up the President's hyped-up "Viva '84" campaign to woo Hispanic voters, or, as they are sometimes now called, those "with Spanish surnames."

In the past six weeks, Mr Reagan has had lunch with three groups of Hispanic leaders and businessmen, held separate meetings with Hispanic educators, public officials and reporters, addressed Hispanic veterans in Texas and Hispanic members of the armed forces in Washington.

The Hispanic community has moved into a key position in White House election strategy with the recognition that most of the black vote—and much of the female vote—is a lost cause.

The fast-growing Hispanic community, now 14.6m according to the latest census, is still only half the size of the nation's 28m black population.

But the Hispanics are concentrated in six large states—New York, New Jersey, Florida, Illinois, Texas and California—which cast about three-fifths of the votes needed to elect a President.

Large numbers of Hispanics are disqualified from voting, either by age or lack of citizenship, but that still leaves a potential electorate of 5.5m, of whom only 3.4m are registered to vote.

The aim of both Republicans and Democrats over the next 12 months is not only to win over existing voters but also to register new ones. The Democrats have set a target of 1m registrations.

The Republicans' aim is to maintain or improve on the 30 per cent of Hispanics who voted for Mr Reagan in 1980, against only 10 per cent of the black vote.

They claim Mr Reagan's philosophy of hard work and strong family bonds fits neatly with hispanic values.

On more specific social issues, they say, the Hispanics mirror Mr Reagan's views by favouring the death penalty and opposing abortion. Black views tend to be precisely the opposite.

The Democrats are not impressed. They believe Hispanics have suffered more than most from Mr Reagan's spending cuts and high unemployment, and that his policies are at last beginning to unite Mexican-Americans, Puerto Ricans and the more conservative Cubans who have been divided on political issues in the past.

Mr Robert Garcia, a Puerto Rican Congressman from New York's Bronx district, last week claimed the median income of Hispanics had fallen by 14 per cent in three years and that Hispanic unemployment was now running at 12.9 per cent, against a national figure of 9.5 per cent.

The Democrats believe they can cut support for Mr Reagan to well below 20 per cent of the Hispanic vote, perhaps to as little as 10 per cent. Hispanics are concerned about Mr Reagan's bellicose Central American policies, they say, and while Hispanics may be pro-family, "they also want their families to have enough to eat."

As Mr Garcia puts it, Mr Reagan, has done nothing other than wave his hands, flash a smile and make speeches. "You cannot eat charm," he says.

Back at the White House, however, officials insist the seemingly patronising line about servicing enchiladas to the Queen—which Mr Reagan actually did during her California visit earlier this year—usually goes down rather well.

Air force attacks Argentine airline debt agreement

BY PETER BAINS IN BUENOS AIRES

THE Argentine air force has publicly expressed its "dissatisfaction" with the terms and conditions of the re-financing agreement covering the $280m (£187m) foreign debt of Aerolineas Argentinas, the state airline.

The agreement, with a group of foreign banks led by Morgan Guaranty Trust, provides for re-scheduling over seven years, with three years grace, at spreads of two points over U.S. prime rate or 2½ points over Libor.

The contract will be used as a "model" for the remaining public sector companies, which together need to re-schedule approximately $7.5bn this year.

An unsigned air force statement said a meeting of brigadiers had "unanimously" expressed their dissatisfaction with the way the debt was renegotiated. The navy also indicated it had not taken any part in the decisions.

The wave of protests has been directed at Sr Jorge Webbe, the Economy Minister and Sr Julio Gonzalez del Solar, the central bank president.

Sr Gonzalez del Solar left for the U.S. on Wednesday, followed by Sr Webbe yesterday. Both will be attending the annual IMF World Bank meeting.

Critics, of the agreement, including political parties and trade unions, say the annual interest payments, including agent commissions, will total about 14 per cent, and object to the choice of New York state courts to resolve any disputes over payment.

Critics also say the various public sector company reschedulings are interrelated, so that a default by one would permit creditors to taka legal action against others.

Before departing Sr Webba defended the Aerolineas contract, saying: "It has been written in convenient terms and in accordance with many precedents that go back 20 years."

He insisted that the clauses now objected to were already in the original loan contracts before rescheduling" and all we have done is included them again in the renegotiated agreement."

Although the political parties are furious at the conditions in an agreement reached only 40 days before the general elections, none of the main presidential candidates have suggested they should be repudiated.

UAW wins negotiating rights at Toyota-run plant

BY TERRY DODSWORTH IN NEW YORK

THE United Auto Workers' Union has won the right to represent 2,500 workers at the planned joint manufacturing venture between General Motors and Toyota in California. It is the first time the union has reached such an agreement in a Japanese-run car plant.

In two previous Japanese developments in the U.S., both Honda and Nissan have successfully prevented UAW organisation of their plants.

But in the deal announced yesterday, the UAW has achieved virtually all it asked for in nine months of wrangling over the joint venture, including a commitment that wages will be pegged to rates elsewhere in the industry.

This is generally taken to mean that they will be paid slightly less than Detroit workers. Similar agreements have been reached at Volkswagen and American Motors plants.

The General Motors-Toyota venture was announced at the beginning of this year and will involve the reopening of a GM plant at Freemont, south of San Francisco.

GM used to produce large cars at the plant, but it is now planning reopening with a range of small models to replace the Chevette.

Under the agreement, Toyota will run the plant, but ownership and profits will be shared equally. Toyota will also have access to the GM sales network.

It is expected that the Japanese group will also supply the main model design, which will be based on its Corolla series.

The UAW compromised on the number of workers employed at the plant. When it was closed down, the workforce totalled 4,800.

It has also agreed to the formation of a new company to run the plant. This will affect pension rights which cannot be transferred from GM.

Opening of the plant is currently planned for early 1985, a few months later than the original schedule. But the timing depends on the attitude of the Federal Trade Commission, which is now investigating the agreement under anti-trust legislation on the grounds that it brings together the two largest motor companies in the world. In addition, both Ford and Chrysler are opposed to the agreement.

Canada expels Soviet diplomats

By Nicholas Hirst in Toronto

CANADA expelled two Soviet diplomats on September 12 for attempted spying but deliberately kept the expulsion secret for 10 days to avoid linking the expulsions with the condemnation of the shooting down of the Korean Airlines airliner.

Mr John Noble, External Affairs spokesman, said the two diplomats had been trying to buy top-secret high technology, but it was not known from whom or whether the information was military

The diplomats worked in Montreal. Mr Victor Tsekovisky was with the Soviet trade mission, and Mr Anatoly Solousov worked in the international secretariat of the International Civil Aviation Organisation.

Latin America talks welcomed

By Hugh O'Shaughnessy

THE EEC has given a cautious welcome to the decision by the 26 nation Latin American Economic System (Sela) to seek a resumption of the talks between Latin America and the European Community.

At the end of a three-day ministerial meeting of Sela in Caracas on Wednesday the Latin American grouping expressed "the political will" to resume the dialogue broken off last year after the Argentine invasion of the Falklands.

In April this year Sela laid down stiff conditions for the resumption of talks.

Latin American central banks chiefs meeting in Venezuela yesterday chose Sr Jesus Silva Herzog, the Mexican Finance Minister, as the spokesman for Latin America at the forthcoming meeting of the IMF

OVERSEAS NEWS

Indian car buyers queue by computer

By John Elliott in New Delhi

A COMPUTER is to be used in New Delhi tomorrow to try to persuade more than 100,000 potential buyers of India's first completely new car since the 1950s that their orders are being handled without any of the corruption and bribery that often accompanies official decision-making here.

Deposits totalling some £900,000 have been pulled in for the car, a Suzuki 800 cc which will sell for around Rs 50,000 (£3,300). This is far cheaper than the old models based on the Morris Oxford and Fiat 1100 of the 1950s which fill the roads at present and cost Rs 80,000 to Rs 90,000.

The car will be made in a factory outside Delhi which will be the first in India to experience Japanese management techniques such as identical uniforms for all staff and an early-morning assembly with physical exercises.

The computer has been brought in both as a publicity stunt and to try to bring some order to the allocation of cars to people who will have to wait between three months and three years for delivery.

Few people believe that there will be no fiddles. The first owners of the car will be regarded with envy and admiration on the assumption that they must have found some way of infiltrating the new era of electronic decision-making.

The full egalitarian potential of the device, which in theory might enable a street tradesman to gain a prestige symbol ahead of a politician or bureaucrat, is in any case to be watered down.

Maruti says that people who are willing to pay extra next year for a de-luxe version of the car will be able to jump the computer-controlled queue and take delivery on a "first come first served" basis.

A total of 135,000 orders have been received for the car, including an estimated 10 to 15 per cent double-ordering. Following a lead set by a couple of Indian scooter manufacturers who sometimes have order lists stretching to the end of the decade at present production levels, Maruti tried to deter frivolous ordering by introducing a Rs 4,000 deposit per car. The £900,000 this has raised as extra capital has been invested with public sector undertakings as working capital at 15 per cent.

Maruti is taking half of the proceeds, saying this will reduce the car's price by perhaps 4 per cent, and the other half is being given to the would-be owners.

The company is not expected by the Government to make profits during the first two years on its basic models. It is scheduled to produce 20,000 in 1984-85, rising to 100,000 in 1988-89, and progressively moving from 100 per cent imported parts for the first 100 cars to an optimistic target of 95 per cent Indian-made in five years' time.

Maruti was set up in the 1970s by Sanjay Gandhi, late son of the Indian Prime Minister. It was nationalised after a series of court cases leading to liquidation, following his death in 1980. After scouring both Europe and Japan for a suitable car to build, Maruti chose the Suzuki 18 months ago.

This decision has had a catalytic effect on the development of the Indian automotive industry. Deals are being set up by nine other Indian companies with all the major Japanese motor manufacturers to produce commercial vehicles and two-wheelers, so giving Japan a significant toe-hold in South Asian manufacturing industry which might spread to allied sectors quite quickly.

Marcos warns of 'extreme action'

BY EMILIA TAGAZA IN MANILA

PRESIDENT Ferdinand Marcos of the Philippines warned yesterday that he might resort to "extremes" if the anti-government violence which has rocked Manila continues.

President Marcos gave the warning on nationwide television following Wednesday's riots in which he said 11 people had died. The violence erupted after a peaceful rally by 75,000 protestors demanding President Marcos' resignation following the assassination of Mr Benigno Aquino, the opposition leader.

President Marcos, visibly angered by the riots around the Presidential palace, said in his broadcast: "I warn the opposition—do not force my hand, do not compel me to take the extremes that you already know of."

This was an apparent reference to martial law which he first imposed in 1972, jailing thousands of his opponents including Mr Aquino.

President Marcos said the opposition had misread as weakness his government's tolerant handling of the protests since Mr Aquinos' funeral on August 31. The opposition leader was assassinated at Manila airport on his return from exile in the U.S.

President Marcos warned that he may now instruct the military "to defend themselves with guns."

The continuing instability in the Philippines will cause concern among the country's allies and its foreign creditors and may increase pressure on President Ronald Reagan to cancel his visit there is November.

The organisers of Wednesday's rally, the Justice for All, Justice for Aquino Movement (Jaja), blamed the Marcos Goverment for the violent end of the rally. Jaja said: "This Goverment created the economic crisis and political uncertainty that broke out when Aquino was assassinated" and which the Filipinos are manifesting in various ways."

The opposition also said that instead of sounding the death knell for the legal opposition, Mr Aquino's assassination had further strengthened their resolve.

Mr Lorenzo Tanada, Jaja chairman, said a new coalition which will include all opposition parties is being formed. The coalition would push for President Marcos' resignation and would not participate in the 1984 election for the National Assembly.

UK, Brunei resolve defence issue

BY CHRIS SHERWELL IN BANDAR SERI BEGAWAN, BRUNEI

BRITAIN and Brunei yesterday successfully concluded talks on the stationing of Gurkha troops in the oil-rich protectorate of Brunei once it assumes its full independence next year.

The agreement, which also allows British troops to use jungle-training facilities in Brunei and provides for the training of local forces, was announced by Mr Richard Luce, Minister of State, Foreign Office, following two audiences with the Sultan of Brunei and senior members of the Royal Family.

With the thorny defence issue resolved, Brunei will formally assume independence on January 1 and celebrate its national day on February 23 with Prince Charles representing the Queen.

Mr Luce said that a Gurkha battalion would remain in Brunei "under essentially the same arrangements that apply at present." This means the battalion will remain under London's command, on call for emergency duties in places such as Hong Kong, but would be paid for by the Sultan, Sir Muda Hassanal Bolkiah.

The UK will continue to provide British Service personnel to train and advise Brunei's armed forces, on loan but "fully integrated" with them, Mr Luce said. British forces will also continue to benefit from using Brunei's jungle-warfare training school.

With Brunei's full independence, Britain will relinquish its residual responsibilities for external affairs and defence.

The tiny country, per capita one of the richest in the world thanks to its bounteous oil wealth, is expected to join the pro-Western Association of South East Asian Nations (Asean)—at present embracing Thailand, the Philippines, Indonesia, Malaysia and Singapore—and the Commonwealth.

Negotiations between Britain and Brunei have been delicate since last April, when talks between the two sides inexplicably broke down. Following yesterday's agreement, Mr Luce described relations as "excellent."

Talks resume on Hong Kong

BY MARK BAKER IN PEKING

THE Sino-British talks on the future of Hong Kong resumed in Peking yesterday, behind a characteristic wall of silence, but with mounting evidence that China is determined to try to force public concessions from the Thatcher Government.

The latest meeting—the third, two-day meeting since mid-July—began in typical fashion with both sides refusing to comment and ostensibly observing their pact of confidentiality.

In the past week, however, China has staged an intensifying publicity campaign designed to put pressure on Britain formally to concede sovereignty over the colony and co-operate with Peking's strategy to resume control by 1997.

Diplomats believe it is unlikely that there will be signs of any significant progress when the talks end today. But with the Hong Kong dollar and stock market plumbing new depths almost daily, the pressure is becoming intense on Britain to indicate publicly its position.

China's attempts to force the pace of the negotiations were underlined yesterday when Wu Xueqian, the Foreign Minister, said the onus was now on Britain to see that the negotiations progressed.

In an interview which led the front page of the English-language newspaper, China Daily, yesterday, Wu said: "We wish to see progress in the talks. But the key to progress lies with the British side. We wish it would change its rigid attitude."

In an interview with the Financial Times last week, Zhou Nan, an Assistant Foreign Minister, spelled out for the first time that China regards the issues of sovereignty and administration as inseparable and that it is not prepared to allow Britain an official role after 1997, when the colonial leases expire.

Pretoria may act on IMF loans

BY J. D. F. JONES IN JOHANNESBURG

SOUTH AFRICA may decide next week whether or not to make early repayment of some of its International Monetary Fund loans, according to Mr Owen Horwood, Finance Minister.

The Minister left the Republic yesterday to travel to next week's World Bank Fund annual meeting in Washington.

The Government has been worried by persistent efforts in the U.S. Congress to oblige the U.S. Administration to block any IMF loans to South Africa, and in an interview with Reuters Mr Horwood warned that the introduction of such political restrictions "might be the beginning of the end of the IMF as we know it."

Late last year, South Africa arranged access to SDR 1bn (£600m) credits from the IMF despite opposition from some quarters. This amount was divided between a compensatory financing facility of SDR 636m—which was fully drawn—and a credit tranche of SDR 364m, of which only SDR 159m was drawn. Pretoria has therefore drawn down a total SDR 795m for repayment over three years.

The reason for the credits was a short-term balance of payments problem from which recovery has been swift and impressive. Recently there has also been a strong improvement in the Reserve Bank's foreign exchange holdings.

● Heavy rain fell in many parts of South Africa overnight yesterday, but weathermen said that the downpour would not end South Africa's worst drought in more than 100 years, Reuter reports from Johannesburg.

Malawi gets 3-year credit

BY QUENTIN PEEL, AFRICA EDITOR

THE INTERNATIONAL Monetary Fund has approved a SDR 100m (£70m) three-year extended credit for Malawi, its second such programme in Africa, to support the government's stabilisation measures to reduce a persistent balance of payments deficit.

The IMF forecasts a steady improvement in the country's real growth rate—from 2.5 per cent in the current year to 4.5 per cent in 1986, and a turn-round in the balance of payments from a deficit of $40m to a small surplus during the same period.

Approval of the extended fund facility—only the Ivory Coast has a similar programme — is seen as a sign of IMF approval for the Malawian austerity measures taken over the past three years, since the economy was hit by a combination of worsening terms of trade, disruption of its traditional rail routes through Mozambique, and drought during 1979-80.

The fund said that during the past year, Malawi had achieved "a greater degree of financial stability.

● The IMF has approved standby credits for Liberia and Senegal totalling SDR 55m (£38.5m) and SDR 63m (£44m) respectively.

Iraq doubts well-capping

By Our Foreign Staff

BAGHDAD—Iraq said yesterday that reports from Tehran that Iran had capped a leading oil well in the Gulf were "incorrect." Tehran radio on Wednesday quoted Iran's Oil Ministry as saying Iranian experts had finalised capping the Nowruz No 3 well on Sunday.

Iran has said at least three wells were damaged in Iraqi attacks earlier this year and have been spewing thousands of barrels of oil daily into the Gulf. Iraq has said the damage in Iran's offshore Nowruz field, where two of tha wells are located, was caused by the Iranians themselves.

Japan may free property market

By Jurek Martin in Tokyo

The Japanese Government is considering dismantling the remaining regulations governing foreign investment in Japanese real estate.

Proposals to this effect may be included in next month's promised package, the purpose of which is to reduce international trade friction by opening the Japanese market further to foreign goods and capital investment.

In 1981, Japan removed the statutory provision requiring Ministry of Finance approval for any foreign acquisition of Japanese land.

At present, any foreign company wishing to buy property for housing and office purposes may do so without reference to the Ministry, though investment purchases must be reported to it, as it retains the residual, but unexercised, right to veto.

In practice Japanese real estate experts believe that completely liberalising the property market is an easy concession for the Japanese Government to make and will have little impact.

Certainly, no foreign government has been sufficiently moved of late to complain about protectionism in the Japanese property market.

Officials from the British Embassy, which recently made several suggestions about opening the market to the government without mentioning real estate, said yesterday that by no stretch of the imagination could existing regulations be described as a serious non-tariff barrier.

Total foreign investment in Japanese non-residential land is estimated to have been worth Y170bn (£254m) last year, an insignificant sum given the cost of property in Japan.

Some government officials are said to believe that a pent-up foreign demand for Japanese property does exist, but a leading foreign broker here doubted this.

● Two fresh public opinion polls released in the last 24 hours have suggested that the popularity of Mr Yasuhiro Nakasone, the Prime Minister, is on the rise.

On Monday, the Mainichi newspaper poll found Mr Nakasone's standing at an all-time low, but both Jiji Press and the Asahi newspaper found precisely the reverse.

Different polling methods do make reading the results problematical. Most surveys have consistently found Mr Nakasone running behind his ruling Liberal Democratic party, which is normally given at least 40 per cent public support (versus roughly 10-11 per cent for the Socialist Party).

However, Jiji's survey actually found the Prime Minister running ahead of his party, giving the LDP a mere 31 per cent approval rating.

Brazil's progress report: Trying hard but no light yet at the end of tunnel

Andrew Whitley in Rio de Janeiro assesses the country's third letter of intent to the IMF

THE THIRD letter of intent that Brazil has sent to the International Monetary Fund in just over nine months, in support of an Extended Fund Facility loan of $4.6bn granted in February, has been made public by the Figueiredo Government.

Part progress report, part explanation for past failures, the document maps out the policies to be followed and targets to be met over the remaining months of this year and the whole of 1984.

But the Brazilians, having been burnt twice before in failing to meet targets, have given it only a modest scope. There is no reference to 1985 targets and the detailed monthly ceilings for the expansion of the public sector deficit next year are to be filled in later.

The fruits of nearly four months of hard bargaining, near breakdown in negotiations and secret trips abroad, the programme outlined in the IMF document is clearly aimed at making up for lost time in 1984 and for squandered opportunities this year.

Its heavy emphasis is on the containment of the profligate Brazilian state sector — the hundreds of autonomous state-owned companies and agencies, the bankrupt state governments and municipalities, and the numerous development banks—which Brasilia has struggled unsuccessfully for years to bring under control.

But the letter of intent also highlights the fragile nature of any medium-term or even relatively short-term calculations over Brazil's balance of payments, given its successive vulnerability to alterations in basic external factors such as the price of oil or changes in interest rates.

The 1984 programme originally aimed, for example, at achieving a deficit on the current account of no more than $5bn, based on a trade surplus of $8bn and a debt interest bill of $9bn. But the letter explains: "Interest rates have begun to rise again on the international capital markets and we don't see any indications that this worrying tendency will reverse itself in the coming 12 months."

Hence, it says, "despite our intention to raise the projected trade surplus to $9bn, reducing the deficit on the current account of the balance of payments for 1984 to less than $6bn does not appear manageable."

In those sentences there is simultaneously a plea to Western governments to "do something" about interest rates, an inference that Brazil is breaking its back to stand on its own feet, and a warning tot its foreign creditors that they will probably have to put up more new money next year than they had earlier hoped.

Setting the scene for the new adjustments Brazil has agreed to make to its economy, the Government reminds the IMF and its bank creditors that the deficit on the current account of the balance of payments has dramatically improved: from $15bn last year, equivalent to nearly 5 per cent of Gross Domestic Product, to a likely $7bn, or 2 per cent of GDP, this year.

In large measure, it says, the anticipated $6bn trade surplus responsible for this considerable improvement resulted from the February devaluation of the cruzeiro. The other side of the coin is that the devaluation upset all tha domestic targets on inflation, money supply and the public sector deficit, but the latest letter of intent makes only passing reference to this aspect.

The Brazilian Government admits it was slow in implementing a more realistic pricing policy for public companies and had difficulty in controlling spending plans carried over from 1982. Part of the blame is put on the international banks for their alleged failure to meet promised loan targets relating to interbank lines of credit earlier this year.

In consequence, up to now state government and municipal finances "have continued to show an accentuated weakness," while "insufficient progress" has been made in correcting the financial condition of government companies, the letter says.

Three state-owned companies, Eletrobras, the federal electricity authority, Itaipu Binacional, responsible with Paraguay for the world's largest hydroelectric power dam and Sidarbras, the steel holding company, alone are responsible for 35 per cent of Brazil's medium- and long-term external debt.

Both Electrobras and Siderbras are in a parlous financial state and have publicly declared that they are unable to service their foreign debts this year on their own. To improve their situation, steel and electricity prices have already been raised by 90 per cent this year, the letter of intent notes, and will be pushed a further 5 per cent above the inflation rate until the end of the year.

Government subsidies on wheat, sugar and fuel products are also being cut out. Wheat prices were raised by 100 per cent in June and all subsidies on new sales will be eliminated by next June.

However, Brazilians groaning over the repeated rises in petrol prices this year will be pleased to hear that the major adjustments to eliminate state subsidies on fuel have now ended, according to the Government. In future, the authorised increases at petrol pumps will simply ba in line with foreign exchange devaluation.

Devaluation of the cruzeiro, at least up to next January, will in turn be in line with rises in tha rate of inflation instead of being above it, as had been agreed in the January letter of intent. In the latest letter, Brazil's hopes of a rapid slowing of the inflation rate are firmly pinned on the control of money supply.

The increase in monetary base in 1983 is to be held to 90 per cent (against 87 per cent achieved in 1982) which should lead to a reduction in the monthly rate of price rises, to 5 per cent a month in the last quarter of this year and 2.5 per cent a month in a year's time.

The "working public sector deficit"—calculated to take inflation into account—has been cut by half this year compared with last, but will still imply total financing needs of 15.2 per cent of GDP this year, about the same as 1982, the Government admits. Total financing needs for next year should be down to 7 per cent of GDP, putting the public sector finances back on their original track set in January.

References to the external side of the Brazilian economy are brief and to the point:

● A number of "minor foreign exchange restrictions," such as limitations on royalty remittances abroad and coffee contribution quotas are to be eliminated by the end of December.

● The Government pledges in general terms to clear up its growing arrears on foreign payments and to restore the free transfer abroad of capital by the end of the year.

Foreign banks suffering from lengthy delays in receiving interest payments and the many Brazilian companies, foreign and locally owned, with links abroad, will seize on these promises with alacrity. But for the IMF and the banks, concerned about the restoration to health of the Brazilian economy, compliance with the domestic adjustment programme is more important in the long run.

BRAZIL'S NET INTERNATIONAL RESERVES

($m)

Assets	
Liquid credits	677.8
Short term	1,739.7
Medium/long term	523.3
Total	2,940.8
Liabilities	
Immediate obligations	nil
Short term	5,978.3
Medium term (IMF standby loan)	1,456.5
Total	7,434.8
Net international reserves	−4,494.0
Cumulative adjustments	
Gold monetization	255.2
Gains/losses from revaluation	−29.6
Adjusted net international reserves	−4,719.6

Source: Brazil central bank, Banco do Brasil

Brazil's federal congress on Wednesday night dealt a serious blow to the Government's hopes af securing the passage of wage-curbs legislation essential to the success of the new agreement with the IMF, Andrew Whitley writes.

An alliance of apposition party members and a dissident faction of Government deputies combined in the lower house of Congress to defeat a separate wage Bill presented by the Government earlier in the year.

Although this Bill had been superseded by Decree-law 2045—a controversial new law which limits wage rises to 80 per cent of the inflation rate — its course through Congress was regarded as a test run for next month's likely vote on the IMF-imposed measure.

Privately, senior officials are now hoping that Decree-law 2045 will not come to a vote at all, through Congressional manoeuvres, so that it can be passed into law on the President's own authorty by the end of October.

Japanese agreement near on rescue of Singapore plant

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

OFFICIALS at Japan's Ministry of International Trade and Industry (MITI) said yesterday that they had "almost" reached agreement with the Ministry of Finance on the contents of a government rescue package for the deficit ridden Y200bn (£500m) Sumitomo petrochemical complex in Singapore.

The package will probably include the subscription by a government agency of an additional Y4.58bn to the capital of the joint venture company operating the project's ethylene plant.

Japanese private interests will then be expected to put up another Y23.3bn for the capital of the operating company. The Japanese subscriptions, matched by a similar amount from Singapore, will be used to help the company pay off bank loans totalling Y55.8bn on which interest is accruing at the rate of around Y5bn per year.

The rescue plan for the Singapore project will mean that some Y75bn worth of the total construction costs of the central processing facility will have been met out of capital contributions instead of out of a mixture of capital and bank loans as was originally intended.

A further Y41.6bn of suppliers' credits may be rescheduled depending on final discussions between Miti and the Finance Ministry.

The Singapore project, which is now virtually complete, consists of a 300,000 tons-per-year ethylene cracking facility flanked by three dowstream plants, each of which is owned by a different international consortium. The company operating the central facility, Petrochemical Corporation of Singapore (PCS), is expected to lose heavily during the first year of operations as a result of delays in the completion of one of the downstream facilities.

The major private shareholder in PCS, Sumitomo Chemical Company, indicated yesterday that it was far from satisfied with the scale of government participation in the reconstruction of the venture. A Sumitomo spokesman suggested that the Singapore Government would also voice disappointment with the Japanese offer.

The sum fixed upon in discussions between Miti and the Ministry of Finance means that the Japanese Government will hold a 10 per cent stake in PCS after plans for capital enlargement have gone through.

Under the original plan for the project the Overseas Economic Co-operation Fund (a government-financed aid agency) was to have held 15 per cent of the capital of PCS.

China set to sign French coal study deal

By Colina MacDougall in Tianjin

THE TIANJIN (Tientsin) International Trust and Investment Corporation (Titic) is expecting to sign a contract for a coal mine feasibility study with the French company Charbonnages de France, Fan Yonghong, vice-chairman of Titac told the Financial Times on Saturday.

A French team is due here in November for more discussions, which it is expected to lead to an agreement following a visit by Titic officials to France at the end of last year.

A new mine in the Tianjin area—which is near the coast south-east of Peking—will have an importance well beyond its size since China's big coalfields lie far inland.

Coal deposits north of Tianjin, China's third largest city and a leading industrial centre, have been recently surveyed and are estimated at around 680m tons.

The coal was found during explorations for oil and lies some 600 metres below the surface. It will be used in Tianjin for power generation and gas.

The size of the joint venture is not yet fixed, but a mine with a capacity of 1m tons needs $100m worth of investment.

William Chislett reports that exporting goods, not revolution, is now vital

Why Cuba is scrambling for hard currency

FIDEL CASTRO once joked that if it was true that Cuba was exporting revolution then the country would have no balance of payments problems.

Whether Cuba is exporting revolution is a contentious issue, but there is no doubt from the drive under way to increase exports to the West and cut imports that Cuba is suffering severe financial problems.

The country is so desperate to earn convertible exchange to help service its total hard currency foreign debt of $3.2bn (£2.1bn) to western banks, which it is rescheduling, that it is prepared to export buses, although there is a pressing need for more of them in Cuba. The country's noisy and uncomfortable buses are packed tight with passengers.

Cuba estimates that the 21-year-old trade embargo imposed by the U.S. has cost the country $9bn. Cuba is only 90 miles off the southern tip of Florida, but the western share of imports, a small but vital amount needed to maintain economic development, has to come from much further afield in Europe, Japan and Canada at considerable extra cost.

Before Castro's revolution in 1959, three-quarters of exports, mainly sugar, and 65 per cent of imports were accounted for in trade with the U.S. Today the Soviet Union and Comecon countries account for over 80 per cent of total trade turnover and in highly preferential conditions. A U.S. Congressional report last year claimed that the trade ambargo has "condemned and will continue to condemn the economy to continued stagnation."

The two countries' sugar-oil deal is the key to Cuba's economic survival. Cuba is paying $170 a tonne for its Soviet oil this year, according to Sr Miguel Castillo, the deputy trade minister. This works out at $24 a barrel, well below the international price. Cuba also receives a discount on this price.

Moscow 'guarantee' of 61m tonnes of oil in 1981-1985

Moscow has "guaranteed" 61m tonnes of oil during 1981-1985, and is allowing Cuba to sell on the international market any oil which it saves from this quota. By using its oil sparingly, Cuba hopes to earn as much as $200m a year between now and 1985. Sr Castillo said the Soviet Union sells some of the oil on Cuba's behalf and takes a commission.

Cuba pays for its oil with sugar which the Soviet Union buys for 36 cents a pound, compared with the current depressed world price of 9 cents. The country also receives free military aid and a price higher than the international one for its nickel exports. Last year Soviet aid to Cuba totalled an estimated $4bn, or about $11m a day—more than a dollar a day per head of the 9.7m population.

But Moscow is not bailing Cuba out of its hard currency debt problem. Moscow is beginning to be stretched by the demands made on it by all its satellite states.

Cuba, therefore, has to try to increase its exports to the West, as its trade with socialist bloc countries is largely in soft currencies, and also reduce imports from capitalist countries. East European air conditioners are replacing Japanese ones and priority is being given to meeting sugar contracts with western countries.

Not only are sugar prices low — although they have started to climb—but also this year's sugar harvest is estimated at 6.7m tonnes, 1.5m tonnes less than last year because of devastating rain. This will make it impossible for Cuba to fulfil its International Sugar Organisation quota of 2.4m tonnes with the West and also meet contracts totalling some 4.6m tonnes to socialist countries, including China, and find 500,000 tonnes too for domestic consumption.

Cuba is particularly keen to boost its sugar sales to Canada with whom it ran a C$229m (£123m) trade deficit in 1982. This would mean diverting sugar away from socialist bloc countries, unless bumper harvests develop.

Exports in hard currency will decline by 354m pesos (£272m) this year to 1.02bn pesos because of the low sugar price and poor harvest.

Imports in hard currency less than 15 per cent of total

Trade surplus will be almost halved

imports are officially forecast at 650m pesos ($780m) almost the same as in 1982, and, according to Sr Castillo, only $80m more than the bare minimum of $700m needed to prevent a drastic slowdown of economic development.

For example, Cuba has to import $130m worth of spare parts a year from the West for its sugar industry which it either cannot obtain from socialist countries or the quality is poor. It is said that a Soviet-made chain for a sugar cane harvester lasts a year and a western one three years.

The hard currency trade surplus will be almost halved to 378m pesos ($453m) and the deficit with socialist countries reduced from 1.2bn pesos (1.2bn roubles) to 820m pesos.

However, there are several promising developments. Cuba is a low cost producer of citrus fruits and could be the world's second largest exporter by 1985. The country is also a relatively cheap producer of nickel and by the 1990s could be producing 100,000 tonnes a year compared with 42,000 tonnes at present.

Cuba is also pressing ahead with marketing its civil engineering and other technical skills. There are about 30,000 Cubans working in a non-military capacity in Third World countries. Cubans are building a cement plant in Ethiopia, roads in Libya and an airport in Grenada.

There is a potentially sticky problem looming over the price Cuba pays for its Soviet oil. Officials are pointing out that if prices continue to drop or even stabilise at their present levels, the price which Cuba pays will become less and less preferential and conceivably could end up higher than international prices unless changes are made to its pricing formula.

"If we reach the stage where we are paying more I suppose Washington will say we are being exploited by Moscow," quipped Sr Castillo.

Tokyo-Moscow trade talks delayed

TRADE TALKS between Japan and the Soviet Union, scheduled to begin in Moscow on October 4, will be delayed by about a week because the Japanese aide has not completed its preparations, Reuter reports from Tokyo.

The Foreign Ministry said the postponement of the meeting, the first of its kind since January, 1981, was not in protest over the recent shooting down of the Korean airliner.

Israel potash accord

THE Dead Sea Works have signed a 10-year contract to supply 100,000-300,000 tonnes of potash annually to Mississippi Chemical of the U.S., writes L. Daniel in Tel Aviv. The potash is to be shipped to Pascagoula, on the Mississippi Gulf.

EEC trade barriers

Some 44 per cent of respondents in an American Chamber of Commerce survey of U.S. companies in Belgium reported that the passage of their goods had been delayed by border formalities. A Financial Times report incorrectly stated that just 4 per cent of those surveyed reported border formality delays.

Polish shippers, ports increase transit business

By Christopher Bobinski in Warsaw

SQUEEZED BETWEEN falling freight charges and growing costs, Poland's merchant shipping companies, ports and ship-repair yards have all reported a drop in incomes in the first half of the year compared to the same period in 1982. But with spare capacity in the country's ports, efforts to increase transit traffic are bearing fruit.

The volume of freight carried by both PZM, the Szczecin-based bulk carrier and PLO from Gdynia was just over 16.8m tonnes up to June, 6 per cent up on the first half of 1982 and slightly ahead of planned targets.

Transit cargoes were up 41 per cent at just under 1m tonnes, while freight carried between foreign ports was down by 10 per cent.

Thanks to a Soviet decision to ship 2m tonnes of its oil exports to the West through modern port facilities in Gdansk this year, oil transit traffic through the ports grew by 44 per cent in the first six months on the same period last year.

Easing the tangle of world tariff rules

BY NANCY DUNNE IN WASHINGTON

"MY JOB is to define broccoli and steel," says Mr Gene Rosengarden, director of the Office of Tariff Affairs in the U.S. International Trade Commission (ITC).

It is an arduous task, made specially difficult as many trading nation begin a final push to bring into harmony their national tariff classification systems.

For decades the international trading community has struggled with a number of diverse duty classification systems, employing different product categories, numbering systems and organisational formats. These differences often produce nightmarish complications in negotiations of trade disputes, and in the preparation of Customs and transport documents, not to mention in the analysis of trade data.

But long overdue changes are in the works. The Customs Co-operation Council (CCC), the Brussels-based international body dealing with Customs matters, worked for 10 years developing what is known as "The Harmonised Commodity Description and Coding System." Negotiations were completed in June, and all developed and many developing countries are now in the process of adapting their present tariff schedules to the nomenclature of the harmonised system.

The harmonised system which is emerging is a highly detailed classification schema which reflects recent changes in and user requirements. Simpli technology, trade patterns and user requirements. Simplified compared with past systems, it is still a highly complex document, comprising approximately 5,000 article descriptions, arranged into 96 chapters and grouped into 20 sections.

The proposed format does not impose any requirements for tariff rates. It is a "core" system, which permits individual countries adopting it to make further product sub-divisions according to their particular tariffs or statistical needs.

The current international timetable calls for completion of all domestic preparations for implementing the system by January 1, 1987 when it is scheduled to go into force internationally. For the U.S. and Canada, which have the most changes to make, the changeover will be a particularly difficult chore. It will be less burdensome for the EEC and the 51 nations which now use the Brussels tariffs nomenclatures, an outdated version of the proposed new system.

Harmonisation is expected to bring with it many benefits. The system's designers say it will facilitate and reduce the cost of exporting, ensure uniformity and predictability in customs classification, reduce the expenses incurred by re-describing and re-classifying goods as they move from one system to another and promote greater understanding in trade agreements.

Under the system, each country will publish its external trade statistics in conformity with established codes. The standardisation of trade data will increase the accuracy and comparability of statistics and ease documentation and transmission.

In the U.S., Mr Rosengarden's office began working on a draft of the proposed U.S. tariff schedule in 1981. Over 7,000 "line items" had to be simplified and reclassified without significant rate changes.

The next step in the U.S. approval process will be a series of public hearings to be held across the country in November to solicit industry and labour comment about the proposed changes. If all goes well, the Administration will make a formal decision to proceed with the system and submit it to Congress in 1985.

Adoption of the harmonised system will also require negotiations in Geneva with trading partners of the General Agreement on Tariffs and Trade (Gatt). Under Gatt, nations making commitments to maintain certain levels of tariff protection cannot unilaterally increase duties above these levels without negotiations.

UK NEWS

Housing bears the brunt of Treasury cuts

BY ROBIN PAULEY

HOUSING WILL be hardest hit in public expenditure cuts this autmn. Mr Nigel Lawson, Chancellor of the Exchequer, is planning to cut cash for home improvement grants and take more than £500m off local authorities' capital cash limits

This will provide Mr Peter Rees, Treasury Chief Secretary, with more than a fifth of the £2.5bn in cuts which he is seeking from departments so that next year's planned total of £126.4bn for public expenditure can be kept on target.

The Treasury argument in favour of so large and potentially cootroversial a cut in housing is that it merely reflects persistent underspending by councils oo their housing capital projects.

In 1982-83 councils underspent the total cash limit of £2.4bn by about £800m in spite of a campaign by Mrs Margaret Thatcher, the Prime Minister, and her Cabinet colleagues urging them "to speod, spend, spend" on capital projects and repairs, partly to aid the depressed construction industry.

One problem for the Treasury was that the former Housing Minister, Mr John Stanley, had Cabinet backing to promise councils that their housing investment programmes (HIP) for 1984-85 would be not less than 80 per cent of this year's £1.875bn. This implies a cut of only £375m to £1.5bn.

But, exceptionally, this year specific allocations for home improvemeot grants were made, and as part of the campaign to reduce underspending councils were told they could exceed those limits and spend as much as they wished on items such as improvements and repairs.

Mr Ian Gow, Housing Minister, and his officials thought they had made a deal with Mr Rees, under which increased spending on home improvements would be able to continue. But this was countermanded by Mr Lawson, who has taken absolute control of Mr Rees's brief and is insisting that no cuts are to be diluted with concessions.

So this specific amount – about £500m – will be removed and the lower HIP will be regarded as capital allocations for housing projects including home improvements. The Treasury argument is that this is not in any way a stop on housing capital spending or home improvemeots.

The cut represents an amount which is, anyway, not going to be speot if past experience is any guide. Councils have at their disposal growing reserves of money from the sale of council houses and land which they have teoded to bank rather than spend oo new capital projects. Unspent capital receipts now total more than £2bn.

BP offer heads for warm reception

BY OUR FINANCIAL STAFF

SHARES IN British Petroleum (BP) yesterday surged 8p to 434p, and the City of London was last night confident that the Governmeot's tender offer of 130m BP shares would meet with a very warm response by investors.

Last Friday the Government announced that it would accept offers of at least 405p per share, to net more than £500m.

The offer does not close until 10 am today, but the indications last night were that the Bank of England would receive applications at around 430p for about twice the number of shares actually on offer.

The Government and its advisers will spend the weekend deciding on the eventual striking price.

If the Government were to decide on a striking price of 430p, it would receive about £536m, after expenses. The BP sale represeots the single most important component of the plans to raise £1.25bn this financial year from the sale of state-owned assets. The Government will retain a 31.73 per cent stake in BP

● Institutions are being asked to subscribe some £35m to finance the management buyout of two chains of clothing retailers, John Collier and Richard Shops, from Hanson Trust which acquired them as part of the UDS group earlier this year.

Workers plan blockade on GM imports

By Brian Groom Labour Staff

AN ALL-OUT strike threatened by Vauxhall's 14,500 manual workers over pay could begin on Tuesday, trade union officials at the Ellesmere Port plant in Cheshire said yesterday.

Unions are also threatening to blockade ports to halt imports of Vauxhall/Opel vehicles. Plans to seod flying pickets to the docks are well advanced, and local union officials expect to receive official backing from the Transport and General Worker's Union, which would try to enlist the support of its dockers and car transporters' drivers.

The strike is likely to go ahead if the company fails to raise its offer, worth 6.5 per cent over 15 months, at a negotiating meeting today.

Last night Vauxhall was still insisting that the pay offer was final, but there was room for discussion on the duration of the agreement and on fringe items.

Liberals face rift on defence policy

BY PETER RIDDELL, POLITICAL EDITOR

DIFFERENCES on defence policy within the Liberal/Social Democratic Party (SDP) Alliance and between Mr David Steel, Liberal Party leader, and his activists, were heavily underlined yesterday.

More than 600 delegates at the Liberal Party's annual assembly in Harrogate signed a petition pledging outright opposition to the siting of cruise missiles in Britain.

The petition, organised by a Liberal peace group, reopens a running controversy over the party's nuclear weapons' policy. At the Assembly two years ago, the party was committed to rejecting and campaigning against the siting of cruise in Britain.

At the time, Mr Steel said he would not support the decision, and since then both his view and that of the Alliance collectively has been cooditional, saying that a final decision depended on the outcome of the Geneva disarmament talks.

At the SDP conference last week, Dr David Owen, party leader, made it plain that the SDP would not reject cruise simply because of the absence of any dual-key arrangement to ensure U.S./UK control.

However, yesterday's petition repeats the earlier unconditional opposition to cruise, and calls upon the party to give clear lead in Parliament and to the country in opposing the siting of the weapons

The possibility exists, therefore, of a clash within the Liberal Party and within the Alliance. The two parties have already voted in different ways over the defence estimates.

But Mr Steel did have the satisfaction yesterday of seeing Mr Cyril Smith, one of the most vocal critics of the Liberal leadership, routed when the assembly rejected proposals by him and two other MPs to create a new post of deputy leader.

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UK NEWS

Marathon's North Brae plan likely to be approved soon

BY RICHARD JOHNS

THE GOVERNMENT is expected in the next few weeks to approve Marathon Oil UK's plan to develop North Brae, which promises to be Britain's first offshore field producing only condensates, or ultra-light oil.

Marathoo submitted its application to the Energy Department in June and aims to start production of condensates in 1988. It estimates the total cost of the project, one of the costliest single-platform developments in the North Sea, at £1.7bn.

North Brae on block 16/7, 130 miles east of the Orkney Islands, also forms part of one of the most interesting complexes in the UK continental shelf.

South Brae, a geologically related though separate oilfield, started production in July. It is currently running at 38,000 barrels a day (b/d) from a single well and should increase to a peak of 112,000 b/d, including 12,000 b/d of condensates, in the first quarter of 1984.

Block 16/7 also includes other oil and gas prospects being assessed by Marathon, in particular the Central Brae structure, which could prove to be commercial.

North Brae should have a peak production of 75,000 b/d of condensate, with reserves estimated at 200m barrels. Output of associated dry gas would not be scheduled until 1997 because in the early phase of the field's life it would all be required for reinjection to maximise recovery of condensates. Gas reserves are put at a minimum of 600bn cu ft.

The plan is to transport the gas and condensates via the pipeline from South Brae and onwards through British Petroleum's much bigger Forties field system. Condensate and liquid petroleum gas (propane and butane) would be separated at BP's Kinneil processing plant.

At present values, the cost of development is estimated at £1bn, but another £500m has been allowed to take account of inflation. In addition, around £200m will be spent in 1995 on gas sweetening facilities.

Marathon, which has a 38 per cent stake in the venture, is operator on behalf of a group which also includes Britoil, Bow Valley Exploration (UK), Kerr-McGee, Westar Exploration (UK), Westar Oil (UK), LL & E (UK), Sovereign Oil and Gas and Saga Petroleum (UK).

Insurers lift share of political risk market

BY CHRISTIAN TYLER, WORLD TRADE EDITOR

PRIVATE-SECTOR insurance of companies' foreign investmeots and exports contracts against political risk has more than quadrupled to $35bn in four years, it was claimed yesterday.

The international market in political risk insurance has grown to the point where it could in some areas challenge the traditional dominance of government agencies such as the UK's Export Credits Guarantee Department (ECGD).

According to brokers Berry, Palmer & Lyle, one of the newest entrants to the field, the private sector insured only $7.5bo worth of investments and contracts in 1979. Premium income from political risk cover rose from $14m annually that year to $90m last year, and could reach $125m in 1983.

The growth of the private market is said to be due partly to pioneering work in London, capital of the world insurance industry, and partly to political upheavals starting with the revolution in Iran four years ago.

The ECGD, which bas been watching this development closely, does not believe the private sector yet constitutes a serious challenge to its own business. But yesterday's figures could lend weight to moves by British brokers, underwriters and exporters to have some of the ECGD's functions turned over to the private sector.

A Government-appointed committee has just started a review of the ECGD's status and operations. This could lead at least to closer co-operation between public and private sectors.

Mr Charles Berry, managing director of the new company, said the international underwriters could offer policies tailor-made to individual exporters with business in politically unstable markets.

The private sector was bandling cover for short-term export credit for foreign assets and for barter deals. It could also insure credit extended by importers awaiting delivery of goods from countries where exchange controls were being tightly applied.

Political risks include government default, trade embargos, import restrictions, expropriation of assets and the like.

Fram merges car filter operation with Fiaam

BY ROBIN REEVES, WELSH CORRESPONDENT

FRAM EUROPE, based in Llantrisant, South Wales, and Fiaam of Italy, are to merge their automotive filter manufacturing operations in a move to create Europe's second largest producer of filters for the motor industry.

The new company will have a combined turnover of £40m – slightly less than that of the West German filter producer, Mann and Hummel. It will be 60 per cent owned by the Italian holding group CIR, and 40 per cent by tha U.S. Fram Corporation, until now the respective parents of the Italian and Welsh companies.

Fiaam previously produced automotive filters under licence from Fram U.S., a subsidiary of Bendix which, in turn, is now owned by Allied Corporation. The new business will continue to operate as a licensee of Fram Corporation with access to the U.S. company's research, development and production resources.

Mr Emrys Thomas, managing director of Fram Europe's automotive business, said the merger was designed to strengthen the competitive position and improve the job security of employees in both manufacturing operations.

He forecast that by the end of the decade there would be no more than three European automotive filter manufacturers.

Fram Industrial, which employs 45 of the 525 workforce at Llantrisant, will continue to be a wholly owned subsidiary of Fram U.S., but will shortly move to new premises near Llantrisant.

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A combination of front wheel drive and a 60% weight distribution over the front wheels see to that.

We were also the first production car in the UK with a turbo engine.

Of course, eventually our competitors started to copy us.

But we haven't rested on our laurels. Recently we've introduced the second generation of turbos called APC (Automatic Performance Control), that have an electronic brain to give even better turbo performance and greater economy.

You'll also notice for the top of our range models we're offering some real luxury features.

We admit these models start at just over £13,000. But then you'd expect to pay a few more pounds for a true life of luxury.

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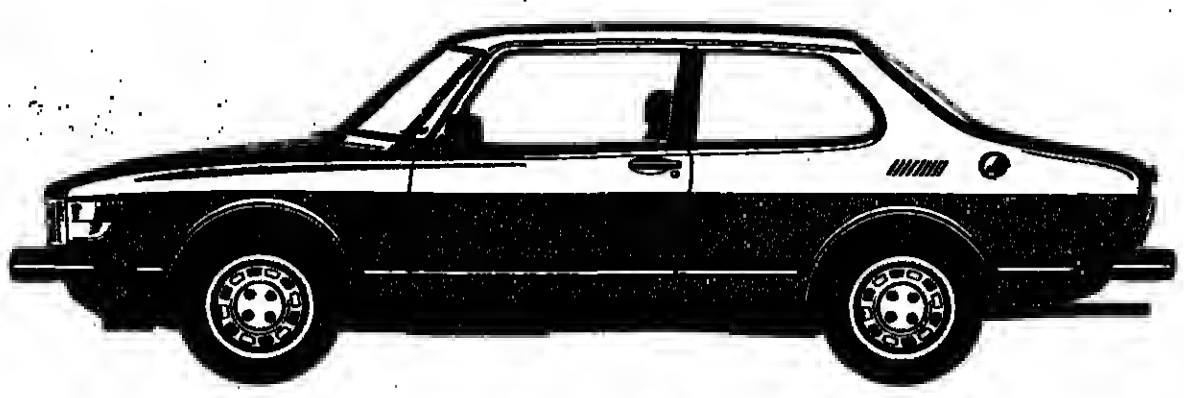
SAAB



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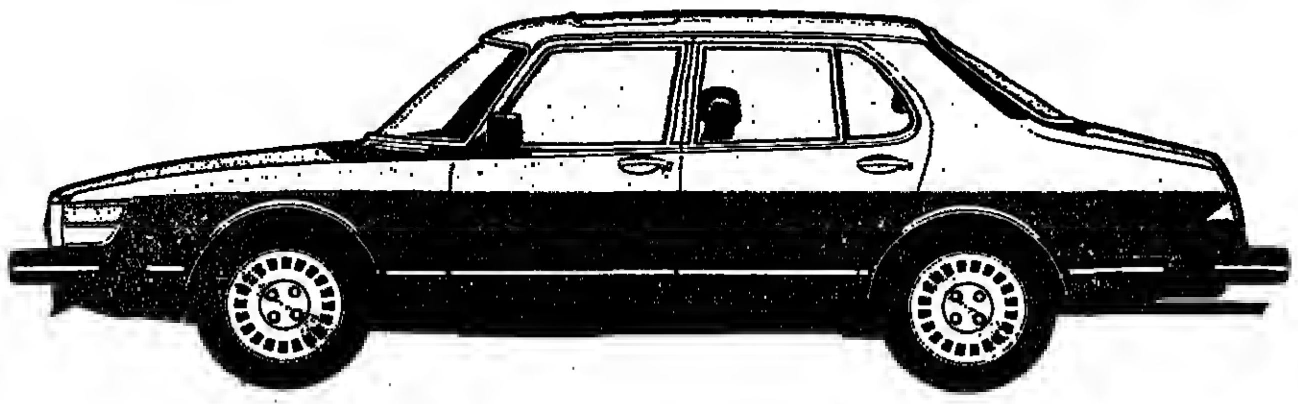

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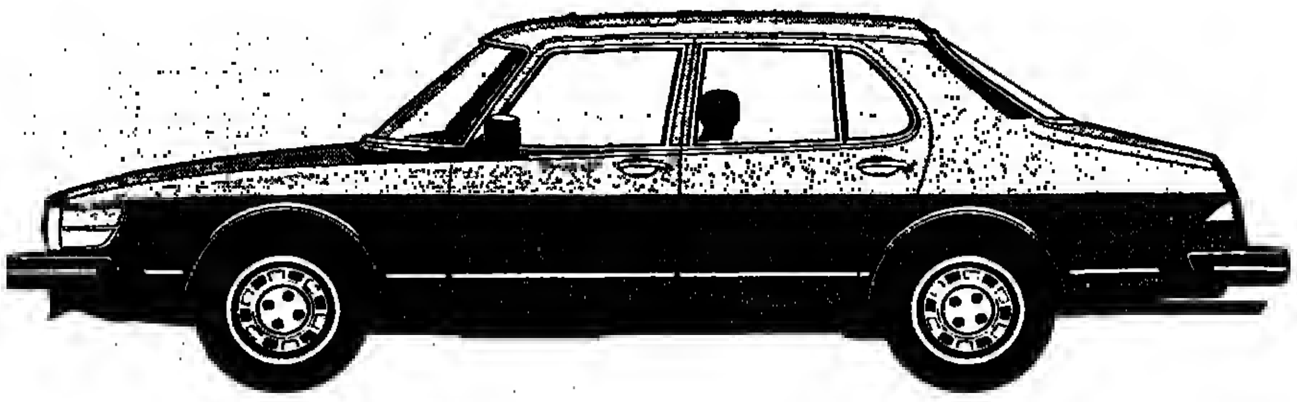

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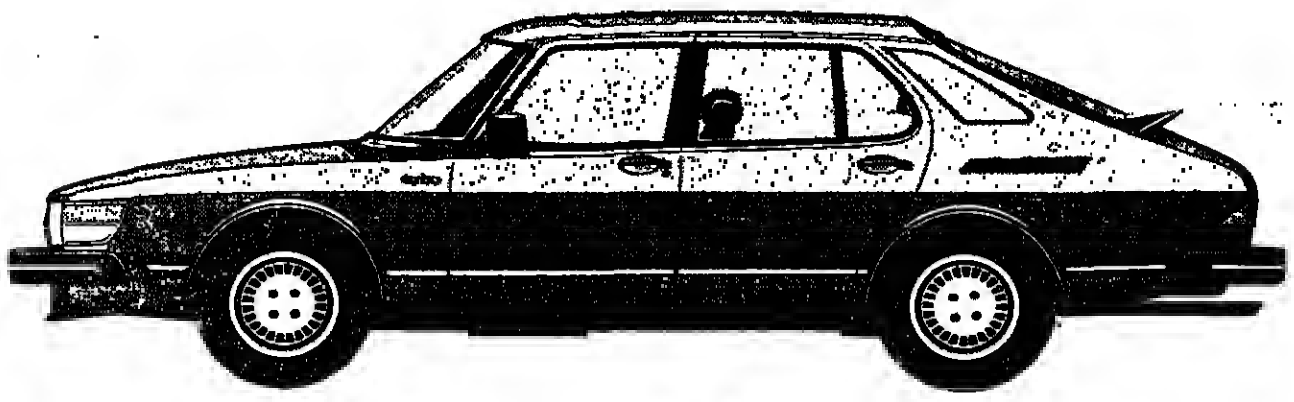

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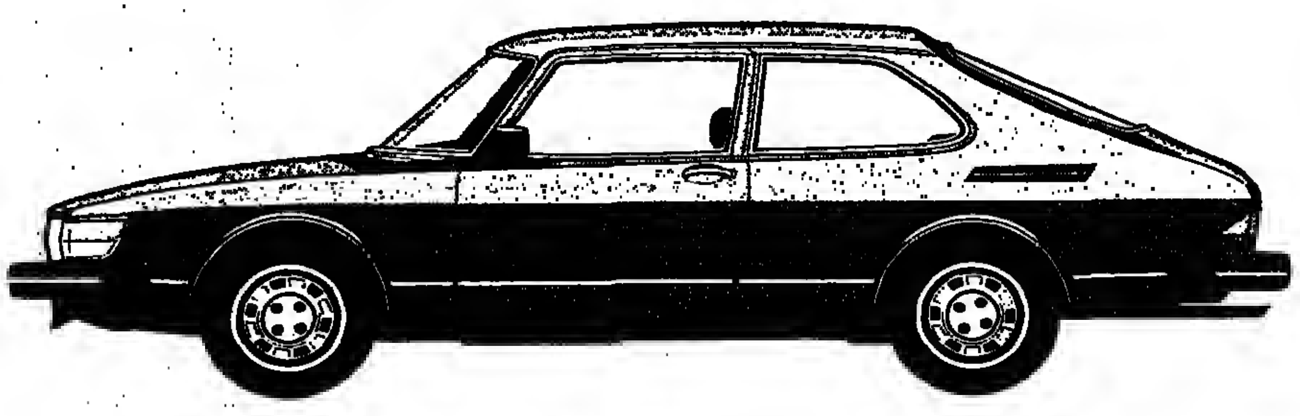

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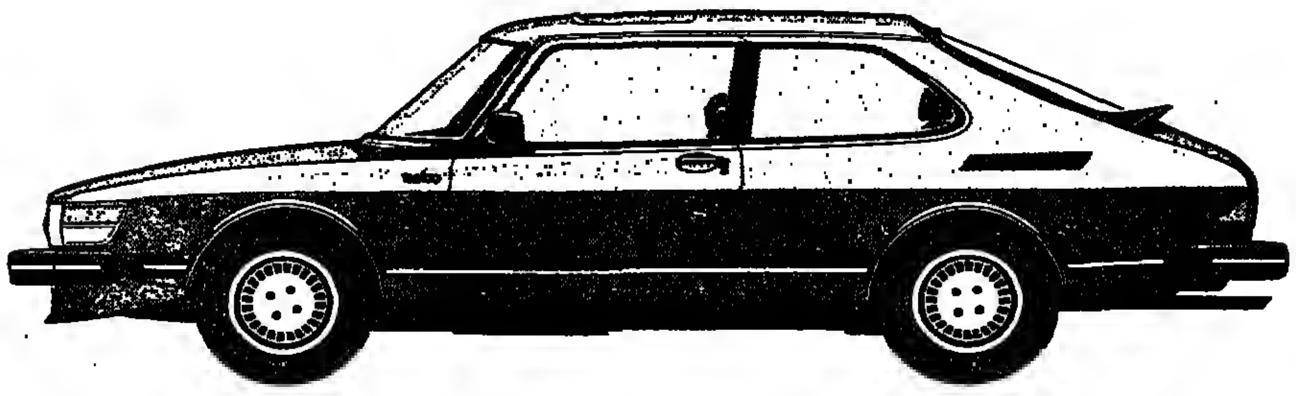
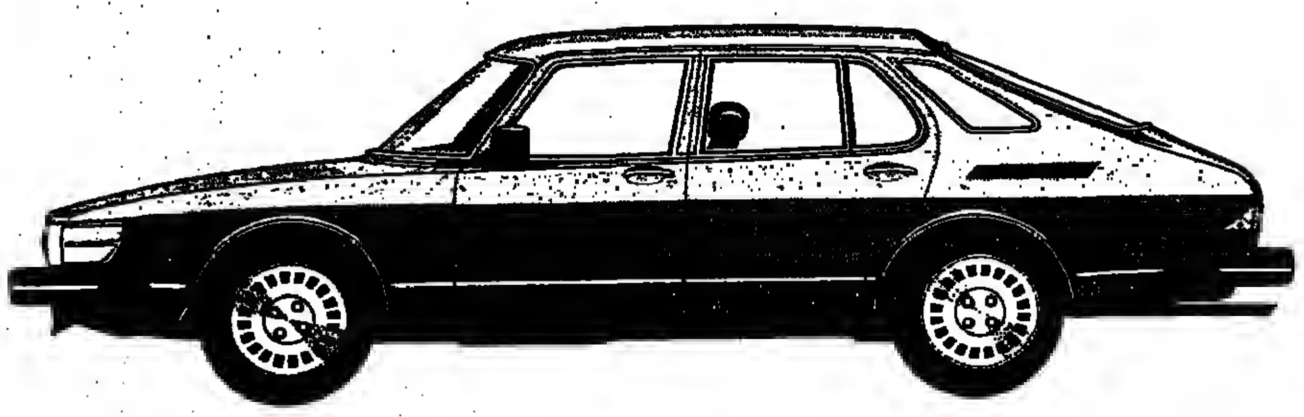
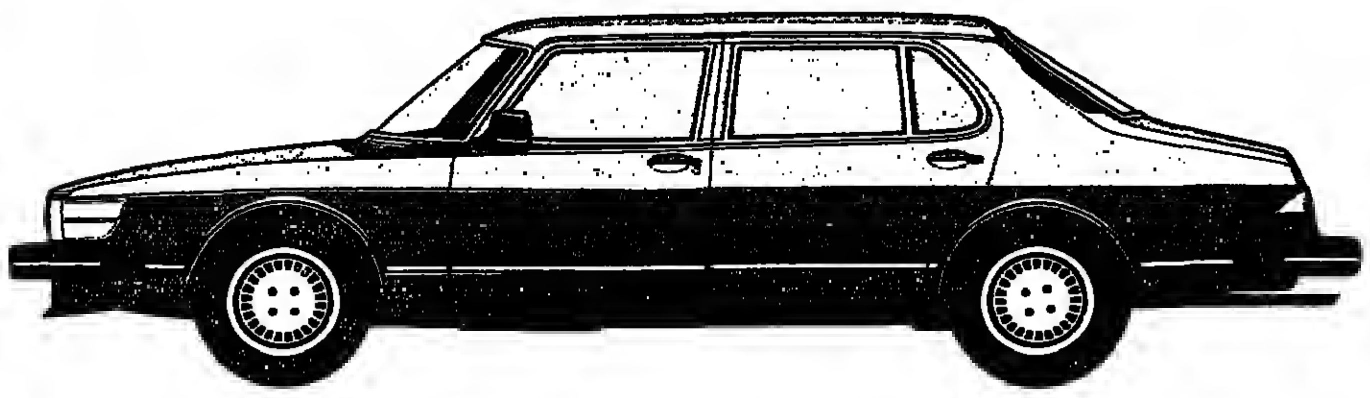


The Saab Turbo SE 3 door From £13,390
The luxurious APC Turbo with leather upholstery, electric sunroof, stereo radio cassette and cruise control.



The 900 GLi Range From £8,690
The additional luxury of a lively fuel injected engine and distinctive wider wheels.



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How can you call it a success?

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They will all be improved as a result of this deal.

Improved products mean better sales. And better sales can only be good news for everyone involved with Dunlop.

And most important of all, if you work for Dunlop, you can rest assured that the majority of the workforce will carry on in the jobs that they hold now.

A success all round?

Obviously, it's not possible to go into every aspect of the deal in the space available here. But it can be summed up like this: it means the continued production in Europe and worldwide of some of the world's finest motor tyres, still bearing the Dunlop name.

It means that Dunlop will have a new chance to go from strength to strength.

And we hope that in the years to come this will lead to the creation of jobs in the UK.

So, we have a new deal for Dunlop, which seems to benefit everyone concerned.

And, take it from us, if we didn't know that it would, we'd never have done it in the first place.

DUNLOP

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Drucker and the art of studied simplicity

BY CHRISTOPHER LORENZ

THE world's most acclaimed management guru sinks back in his chair, waggles one gnarled finger, and in a strong central European accent pronounces with typical panache: "My best ideas have only one moving part."

Ensconced in his plush suite at London's Savoy Hotel (his encyclopaedic mind knows every detail of its chequered history), Peter Drucker is defending himself against the allegation that his famous aphorisms on management, and a lot else besides, are often simplistic, not to say obvious.

At the age of 74, and with the business world almost as much at his feet as it has been for 40 years, virtually since he arrived in the U.S. from his native Austria (via the City of London), Drucker can well afford to counter such criticism by embracing it. Drawing on the old engineering adage that the most effective machines are those with the fewest moving parts (one of Drucker's most powerful devices has always been the use of analogy), he makes no apologies for simplifying things to the very limit.

"Those are very busy people," he says of the high-powered executives he has been addressing over the past 10 days in Vienna and London, under the auspices of Management Centre Europe. Some of them are specialists in their late 30s or early 40s, bound for greater things in general management, and in need of "broadening out." Others are already at the top, but are besieged on all sides by the overwhelming pressures of running an enterprise.

To the first group, many of Drucker's pronouncements will be new—on Japan's upcoming problems; its marketing strategies; "Kondratieff long-wave cycles;" the inadequacies of Britain's financial system; and so forth. Even in the inadequate amount of time they spend reading about the world outside their companies, the second group will have come across most of the ideas at least once before, whether via Drucker's gargantuan outpourings of the printed word (15 books so far, and newspaper articles by the thousand), or through someone else's writings in a management journal or a newspaper (this one?).

But the points Drucker makes will seldom have come over in such a bald and forceful way. Even if they have, the odds are that they have never really sunk in. As one battle-worn managing director said on Wednesday after listening carefully to Drucker for two days, "It's just like the way I tell my salesman to get through to the customer. I always knock it into them that they must say the same thing at least six times if they want to have any effect. It needs to be put in a different way each time, but without repetition you never really get the message across."

All of which also goes some way to explain the phenomenal and continuing success of Tom Peters and Bob Waterman, putative Druckers whose book "In Search of Excellence" (see this page January 31 1983), has been high in the U.S. non-fiction best-seller lists for nine months. Not surprisingly, with its central message of "keep things simple," Drucker is an admirer of the book, though like the true old pro that he is — always ready to knock the competition — he says it might just have gone a bit too far in its quest for effect through simplicity.

But even he can't quite explain why "Excellence," as he puts it, "managed to squeeze sex and cooking off the top of the lists" for so long.

Though the book deals mainly with the success of large corporations, it may be particularly attractive to the mass of new American entrepreneurs which has sprung up over the past few years, all of them even more harassed than the large-company executive, and all desperate not to miss out on the latest holy grail. Its success also reflects growing American disenchantment with the "management science" school of thought in which most of the nation's business graduates were trained before they were catapulted into positions of greater or lesser power in the body corporate.

But it would be doing Drucker an injustice to lump him too closely together with Peters and Waterman, who are essentially interpreters and classifiers of other people's experience and ideas—very high-class journalists, in other words.

Peter Drucker: "I'm really only an old journalist"

The grizzled Drucker does tend to break into an impish grin on occasion and mutter disarmingly, "I'm really only an old journalist, you know." Some of his pronouncements do have a decidedly journalistic ring about them. Others scythe straight to the heart of the matter in a provocative and revealing way that few journalists can emulate. Nor, probably Peters and Waterman. After all, 40-year-old Peters is only just starting to earn his spurs in the hothouse intellectual world of acamedia (both he and Waterman were McKinsey consultants when they wrote the book), whereas Drucker was already sharpening his 30 years ago.

"All of us business academics owe an enormous debt to Drucker," says Professor Dean Berry, who studied and taught at several U.S. business schools before becoming dean of INSEAD in Paris and then chairman of the Centre for Business Strategy at the London Business School. "Here at last was someone who could talk about theory and practice at the same time," recalls Berry. "He elevated management to the level of an academic discipline. Places like Harvard were ecstatic."

Why Drucker has never actually taught at Harvard has been a mystery to many: he claims to have refused four offers of a professorship from several parts of the University including at least one from the Business School. The way he puts it now, the reason was simple—if surprising. "The place is too academic," he says—precisely the opposite of the allegations most critics throw at the Business School.

It is when his feet are firmly in the classroom that Drucker is most in his element; he says he "loves teaching," but finds supervising theses "a dreadful bore — only one in a thousand is worth looking at, the rest are merely competent." Yet he is staying on as professor of social science at Claremont Graduate School, near his home in California, and has just taken on the extra post of professor in oriental art—one of his many extramural interests.

In his London classroom this week, confronting businessmen who had flown in specially from all over Europe, Drucker was if anything even crisper and more incisive than on several visits in the late 1970s. His most scathing comments, appropriately enough at his age, were about the failure of European governments to appreciate how dramatic will be the social and economic impact of the ageing of population *throughout* the industrialised world.

With the demographic balance shifting sharply from young to old, as the number of young people falls and the rolls of the over-60s explode, "supporting old people will become the central political and economic problem of all developed countries," he declared. The problem would defy all the traditional models and political rhetoric, he warned.

By reducing the retirement age under the pressure of high unemployment, Drucker went on, Europe's rulers were doing precisely the opposite of what they should if impossible strains on public expenditure were to be avoided in the 1990s and beyond. Instead, Europe ought to ape the American pattern of letting people retire later, so they can earn their own keep in the meantime.

Because of the fall in the youth population, there would also soon be a dire shortage of manual and semi-skilled workers, Drucker forecast. Within a few years it would be fruitless to worry about the productivity of manual labour, because there just wouldn't be any such workforce—everything would have to be automated, in any case. The Japanese, declared Drucker, had already given up worrying about the problem of labour productivity.

A typically trenchant overstatement, perhaps but as a simple device for forcing people to face unsettling realities, a classically effective Druckerism.

Dangers of the corporate merry-go-round

ANYONE who has worked for a U.S.-based multinational knows the syndrome: word suddenly issues from on high that the company's structure is to be changed yet again, and within three months jobs are being abolished and new ones created. Close working relationships are disrupted, and executives are forced to *transfer* to new locations thousands of miles away.

Put like that, it sounds crazy. But it happens with depressing frequency, as top management—often under a broom-wielding new chief executive—continues its restless search for the ideal corporate structure, especially for the non-U.S. part of the business.

In their quest to balance all the contradictory pressures for more responsiveness to local conditions on the one hand, and for more global harmonisation ("... "integration") on the other, multinationals tend to ride a "perpetual reorganisation merry-go-round," complains Professor Christopher Bartlett of the Harvard Business School.

First they create an international division, to look after all their non-U.S. business. Then they abandon it in favour of giving worldwide responsibility to each of the product divisions back home. Then the whole thing is turned into a complex global matrix, in which line managers are responsible to two bosses, one *locally*, the other in the relevant product division. Next the company finds this structure unwieldy, confusing, and slow to react to changing market conditions. So it abandons the matrix, at least in part.

Rather than indulging in this fruitless quest for the right structure—and reorganising it three times in a decade, as Westinghouse did in the 1970s—Bartlett argues in a recent issue of the Harvard Business Review that multinationals should get off the merry-go-round, retain a simple structure, and concentrate instead on changing managerial behaviour.

On the basis of a study of ten diverse and successful U.S. multinationals which have followed this course, Bartlett concludes that finding the right structure is far less important than developing broader perspectives and attitudes among executives, and making use of them through more flexible management processes.

This advice is fully in line with the newly fashionable message of "keep it simple" (see left). Bartlett's work is also supported by the recent researches of a number of academics and consultants on both sides of the Atlantic into corporate structures (see this page, October 29 1982), and in particular into the way companies are abandoning or trying to simplify their matrices (see "The matrix in retreat," October 25 1982).

The 10 companies Bartlett studied resisted the temptation to define managerial tasks in simple "either-or" terms, he says: either "local" (with country and regional managers dominating decision-making from their line positions) or "global," (with headquarters product managers having power over their geographic and functional counterparts). For managers to *think* in such terms would have ignored the complexity, diversity and changeability of the demands facing them, says Bartlett.

Instead, they focused attention on individual decisions and the way they were reached.

Advising top management to begin gradually to eliminate the global or local bias in their decision processes, Bartlett advises three steps: promote personnel with the right attitudes and breadth of vision; broaden their positions to "bridge" global and local responsibilities; and change managerial procedures, by designing broader information systems.

If these steps are taken, many old distinctions between line and staff will become blurred, and organisational cliches about the locus of power lying in one place or another will become less relevant, says Bartlett.

Flexible forums

Top management should also create decision-making forums that take all sorts of perspectives into account and are flexible, argues Bartlett, in particular by making use of informal relationships between executives. One way to do this, he says, is to use task forces, interdepartmental teams and special committees as a normal part of the decision process, rather than as ad hoc devices.

For such groups of executives to operate productivity as part of a flexible decision-making process, Bartlett points out, it is necessary to build a supportive organisational culture, in place of one which stresses internal competition.

Successful companies in the sample made sure managers understood that they would not compromise their career opportunities or expose themselves to other organisational risks by adopting a co-operative and flexible attitude, he reports. Many companies, such as Corning Glass Works, have altered management evaluation criteria and modified formal reward systems. Eli Lilly, the U.S. pharmaceutical group, goes as far as to have each manager's performance appraised not only by a direct superior, but also by others with whom he or she works.

By working to achieve a gradual organisational evolution rather than a more rapid structural change, Bartlett claims that a company can avoid much of the trauma associated with reorganisation, and keep managers' attention focused on the issues which are of real importance to the business. More fundamentally still, he claims that such an approach discourages managers from seeing both the organisation and their responsibilities as static.

Christopher Lorenz

Business courses

The law of buying and selling, London. October 10-12 1983. Fee £340 plus VAT. Details from J. K. Van Wycks, Seminar Division, Crown Eagle Communications, 2 Bloomsbury Place, London WC1A 2QA. Phone 01-636 0617.

Team skills management, Banbury. November 7-9. Fee £350 plus VAT. Details from John Matchett, 30 Albert Street, Banbury, Oxon. Phone 0295 56161.

How to succeed at cost-effective computing, London. October 31-November 1. Fee £350 plus VAT. Details from Savant, 2 New Street, Carnforth, Lancs. Phone 0524 734505.

Consulting and influencing skills and strategies, Uxbridge. October 24-28 1983. Fee £550. Details from The Secretary, Management Programme, Brunel University, Uxbridge, UB8 3PH. Phone 0895 56461.

Making strategy work, Paris. October 26-29 1983. Fee US$350 for Strategic Management Society members; US$375 for non-members. Details from Mrs J. Martin, INSEAD, Boulevard de Constance, F 77305 Fontainebleau Cedex, France.

INTERNATIONAL FUND MANAGEMENT

The Financial Times Survey on International Fund Management is now scheduled to be published on Wednesday, November 9, 1983.

For information on advertising in this Survey telephone:
01-248 8000, Ext. 4063

THE ARTS

Theatre

LONDON

The Tempest (Barbican): Derek Jacobi takes a short respite from his recent triumph as Cyrano to add last summer's Stratford Prospero to the RSC London programme. A younger magus than is usual, he gives a performance that is technically accomplished and imaginatively adventurous. An entertaining production. (628 8795)

Tales from Hollywood (Lyttelton): New Christopher Hampton play about the European emigrés working in Tinseltown during the war. Intelligent, witty and pertinent play about the artist in exile, with Michael Gambon as the lugubriously resurrected Odon von Horwath and Ian McDiarmid a predatory, very funny Brecht. (928 2252)

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

A Patriot For Me (Haymarket): Alan Bates leads a wonderful revival of John Osborne's masterful play about sexual and conspirational intrigue in the Austro-Hungarian empire. A rich tapestry, with a famous drag ball scene at the centre. (930 9832).

Great and Small (Vaudeville): Glenda Jackson in top form as an urban lady on the brink. Keith Hack's production is very fine, and London has done full justice to Botho Strauss, one of West Germany's leading young playwrights. Pessimistic material but a highly refreshing, and above all different, sort of evening. (836 9988).

Song and Dance (Palace): Surprise hit at the Palace, newly acquired by the show's composer Andrew Lloyd Webber. Lulu now sings, Graham Fletcher dances. Overblown middle-brow stuff. (437 6834).

Blood Brothers (Lyric): Strong rock melodrama by Willy Russell about Liverpool twins separated at birth. Pop star Barbara Dickson, very like a young Gracie Fields, is superb as their grief-wracked mother. (437 3686).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. (836 8108).

NEW YORK

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaité Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

Night Mother (Golden): Marsha Norman's harrowing drama of a young woman's last hours before committing suicide in her mother's home makes for the intellectuals' form of sensationalism, with powerful acting by Kathy Bates and Anne Pitoniak, directed by Tom Moore. (239 6200).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 6262).

Extremities (West Side Arts, 43rd W. of 9th Av.): The realistic portrayal of sadistic rape, with which the play opens, makes for uncomfortable but rich drama, and author William Mastrosimone manages to maintain high energy levels to challenge an excellent cast. (541 8394).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

CHICAGO

E.R. (Forum): moving into its second year parodying melodrama in a hospital setting, this Emergency Room finds a new home to continue its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000).

WASHINGTON

The Golden Age (Eisenhower): A. R. Gurney has built a swift reputation on a career of taking a gentle but not uncritical look at the White Anglo-Saxon Protestants who set the tone of American gentility without always subscribing to its precepts themselves. (254 3670).

21st New York Film Festival

Featuring 29 films from China, West Africa and Eastern Europe, as well as closer locales in America, Mexico and West Germany, the 21st New York Film Festival is proud of having more new directors represented than ever before. The festival is credited with introducing American audiences to the New Wave and other European contemporary films since its founding in 1962, but this year it will also go back to 1929 and show the Russian silent film The New Babylon, for which Dmitri Shostakovich wrote the score. Apart from this screening in Radio City Music Hall on October 3, the fortnight's programmes will be at Alice Tully Hall in Lincoln Center, where new names will mix with such familiar directors as Alain Tanner (In the White City), Andrzej Wajda (Danton), Francis Ford Coppola (Rumble Fish), and Alain Resnais (Life is a Bed of Roses). Opening the festival is Lawrence Kasdan's The Big Chill and closing it is Robert Altman's Streamers. (877 1800).

Opera and Ballet

LONDON

Royal Opera House, Covent Garden: a marvellous mixture of out-of-the-way operas at the Royal Opera House – the new double bill of Stravinsky's Nightingale and Ravel's L'Enfant et les Sortilèges (final performances), Berg's shattering Lulu in the brilliant if also finally unsatisfying production by Götz Friedrich conducted by Colin Davis, and a revival of Mozart's La Clemenza di Tito in the famous Royal Opera staging that has given new life to an opera once deemed cold and undramatic, with a largely new cast headed by Stuart Burrows, Doris Soffel, and the Bolshoi soprano Makvala Kasrashvili and conducted by Ivan Fischer.

English National Opera, Coliseum: the second new production of a richly promising ENO season is Wagner's early grand opera Rienzi, in a special "slimline" staging by Nicholas Hytner, conducted by the German debutant Herbert Esser, and led by Kenneth Woollam in the title role. Further performances of the new Ariadne on Naxos, conducted by Walter Weller, and the last of David Blake's uneven but rewarding Haitian operatic epic Toussaint.

Sadler's Wells Theatre: this week sees the first London visit by the Buxton Festival, who bring this year's programme. First piece on view is Vivaldi's Griselda, with Cynthia Buchan and John Mitchinson.

Royal Opera, Covent Garden: Makarova and Dowell perform in Ashton choreography as part of the Royal Opera's staging of Le Rossignol.

Bloomsbury Theatre, WC1: The Cramer Ballet from Sweden completes a week's season (Fri, Sat).

Sadler's Wells, Rosebery Ave: The Sadler's Wells Royal Ballet ends its season with performances of The Taming of the Shrew on Friday and Saturday, matinee and evening.

NEW YORK

Metropolitan Opera (Opera House): centenary season, for which special festivities will take place next month, begins this week with performances of Les Troyens, La Fille du Regiment and La Forza del Destino. Lincoln Center (580 9830).

New York City Opera (New York State Theatre): with the settlement of the musicians' strike to the satisfaction of management, an abbreviated season begins with Cendrillon, Turandot, La Bohème, Carmen, and Aida. Lincoln Center (870 5570)

WASHINGTON

Joyce Trisler Danscompany (Terrace): a city favourite returns as part of a festival called Dance America, which also includes this week Maria Benitez Spanish Dance Company. Kennedy Center (254 9895).

WEST GERMANY

Berlin Deutsche Oper: on the occasion of this year's Wagner anniversary the Flying Dutchman is presented this week with Donald McIntyre in the title role. The Marriage of Figaro convinces thanks to Pilar Lorengar in the leading role. Further performances are Madame Butterfly and Don Giovanni, both sung in Italian.

Hamburg Staatsoper: Hoffmanns Erzählungen has Beatrice Haldas famous for her Olympia. The Magic Flute has Martti Talvela and Daphne Evangelatos. Zimmermann's rarely played 'Die Wundersame Schustersfrau' rounds off the week.

Frankfurt Opera: Manon Lescaut has brilliant Nelly Miricioiu in the title role. The first premiere this season, Der Freischütz, has Walter Raffeiner in the part of Max. Die Entführung aus dem Serail is a fresh and delightful revival.

Cologne Opera: premiering this month is Elektra. Munich's opera director August Everding introduced himself to the Cologne audience with this production. Gwyneth Jones, Hermann Winkler and Helga Dernesch are also making their debuts. Don Giovanni is cast with Norma Sharp and Hans Proschka.

Munich Bayerische Staatsoper: This week starts with Die Lustigen Weiber von Windsor featuring Lucia Popp and Wolfgang Frendel. Werner Egk's Peer Gynt, produced by Kurt Horres, brings together Eckard Stader and Hermann Becht in the main roles. Schoenberg's Moses und Aron is reintroduced to the programme this season. This week's highlight is Don Giovanni, sung in Italian. Cast with Judith Beckmann and Francisco Araiza.

Arts Week

F	S	Su	M	Tu	W	Th
23	24	25	26	27	28	29

Music

LONDON

Philharmonia Orchestra, conductor Jacek Kaspszyk, Christopher Warren-Green violin: Mozart, Mendelssohn violin concerto, Tchaikovsky, Ravel. Barbican Hall (Mon) (638 8891).

London Philharmonic Orchestra, conductor Klaus Tennstedt, pianist Ivo Pogorelich: Mussorgsky/Rimsky-Korsakov, Tchaikovsky's Piano Concerto No. 1, Strauss. Royal Festival Hall (Tue) (928 3641).

Allegri String Quartet with Patrick Ireland, viola: Mozart and Haydn. Elizabeth Hall (Tue) (928 3641).

South Bank Organ Music: Carlo Curley playing Bach, Saint-Saëns and Franck. Royal Festival Hall (Wed 5.45) (928 3641).

Royal Philharmonic Orchestra, conductor Antal Dorati, Salvatore Accardo violin: Dvorak, Beethoven Violin Concerto, Brahms, Royal Festival Hall (Wed) (928 3641).

Jean-Louis Steuerman, piano recital: Bach, Schumann, Berg, Scriabin. Elizabeth Hall (Wed) (928 3641).

Philharmonia Orchestra, Chorus, Choir of King's College School Wimbledon and Linda Finnie, mezzo-soprano, perform Mahler's Symphony No. 3 conducted by Michael Tilson Thomas. (Thur) (928 3641).

Italian concertos for violin, trumpet and recorder: Elizabeth Hall (Thur) (928 3641).

PARIS

Versailles Palace: English Bach Festival Baroque Orchestra, Singers and Dancers: Rameau's 'Platee' conducted by J.C. Malgoire, in Tom Hawkes baroque production with Belinda Quirey's choregraphy (Tue) Versailles Royal Opera (Festival Estival (271 5700). Gala evening in homage to Rameau 'Le Bal Pare', 'Fetes de Polymnie' (Wed), Gallery of Mirrors. After both concerts there is a visit to the floodlit Royal appartments.

Mozart's Requiem: Bernard Thomas Chamber Orchestra with Michel Piquemal's Choir (Tue), St Germain-des-Pres church.

Orchestre de Paris conducted by Daniel Berenboim with Martha Argerich, piano: Wagner, Beethoven, Liszt (Thur) Salle Pleyel (563 0796).

WEST GERMANY

Berlin Philharmonie: This year's 33rd Berlin Festival runs from Sept 1 to Oct 2. The fourth week of performances opens with the Berlin Philharmonic orchestra conducted by Herbert von Karajan. Soloists are Agnes Baltsa, Vinsoo Cole and Jose van Dam with Beethoven's 9th symphony (Fri, Sat): A guest appearance with the Moscow Chamber Orchestra conducted by Wladimir Minin and soloists Obrazowa and Nesterenko closes the week (Thurs).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Rafael Kubelik conducting, Andre Watts piano. All-Beethoven programme (Tue). Lincoln Center (874 2424).

The Guarneri Quartet (Symphony Space): Ruth Laredo, Paul Sperry, tenor. All Beethoven programme (Thur). 95th & Broadway. (864 5400).

WASHINGTON

National Symphony (Concert Hall): Mstislav Rostropovich conducting, Vivaldi, Haydn, Schumann, Parris, Rimsky/Korsakov (Tue, Wed, Thur). Kennedy Center (254 3770).

CHICAGO

Chicago Symphony (Orchestra Hall): Sir Georg Solti conducting, Copland, Delius, Mahler (Thur) (435 8111).

Exhibitions

LONDON

The Hayward & Serpentine Galleries: The Sculpture Show – this year the Arts Council's annual review of some particular aspect of contemporary British art – takes new sculpture as its subject, with the personal selections of three invited jurors covering altogether the work of some 50 artists. But so wide and various is this field, that this is no definitive show: rather it is its very partiality which makes it so useful, bringing to the domestic public the work of a younger and ascendant generation that has already begun to attract considerable attention abroad. Ends Oct 9.

The National Gallery, Manet at Work: this year falls the centenary of Manet's death, which now, in the knowledge of the great old age achieved by his Impressionist contemporaries, whom he influenced so positively, seems so sadly premature. The great retrospective in Paris this summer clarified the nature and significance of his achievement. Here the National Gallery does not give us anything so comprehensive, but takes eight major works across the range of his career, and by simple scholarly exposition, shows us how he set about his business.

PARIS

Murillo in the Museums of France. In one of its excellent didactic exhibitions the Louvre has assembled, to mark the 300th anniversary of the artist's death, his paintings and drawings – among them the Young Beggar – from French public collections. Plans, photographs and engravings help us to situate the Sevillian artist in the context of his times. Closed Tue. ends October 24. Louvre, Pavillon de Flore (260 3926).

Musée Marmottan, 2 rue Louis-Boilly: an important collection of paintings and drawings by Claude Monet and his friends, including the famous oil "Impression – Sunrise," which gave the name to the whole movement. Closed Mon.

Musée de Cluny, 6 Place Paul-Painlevé: this museum, built originally by the Abbots of Cluny, now houses medieval works of art, including goldsmiths' work, carved altar pieces, ivories, fabrics, and Limoges enamels. Also a set of the Lady and the Unicorn mille-fleurs tapestries – an allegory of the five senses. Closed Tuesday, and every lunchtime.

NEW YORK

Metropolitan Museum of Art: '75 works from the 20th century collection of Baron Thyssen-Bornemisza will include 10 of his latest acquisitions. Featured in the show will be works by Kandinsky, Picasso, Gris, Dali, Bacon, Freud and Rothko. The recent acquisitions are works by Georgia O'Keeffe, Balthus, Mondrian, Picasso and Natalia Goncharova. Ends Nov 27.

Pierpont Morgan Library: Drawings of fourteenth to eighteenth-century Italian masters include a large number of sketches for paintings by Canaletto, Piranesi, Titian and Tintoretto. The drawings show off the draughtsmanship of the painters and the development of their compositions from these preliminary but evocative works. Ends Nov 13.

Camden Sculpture Centre: Set against a spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the enlargements and reductions carried out by Rodin collaborator and reproducer, Henri Lebosse. One World Trade Center, 105th storey.

Manet (Metropolitan Museum of Art): Almost 200 important paintings marking the 100th anniversary of the artist's death are included in the most comprehensive Manet exhibition in nearly a century. Ends Nov 27.

WEST GERMANY

Hildesheim, Römer- und Pelizaeus-Museum, am Steine: The only German venue of Art Treasures from Ancient Nigeria with 100 exhibits bearing witness to the oldest African cultures from 500 BC to 1900 AD. Ends Oct 23.

Berlin, Akademie der Künste, 10 Hanseatenweg: Suprematism, Russian style, is documented here with roughly 500 original designs. Manifestos, photos and paintings from between 1900 and 1917 by the painter Kasimir Malevith. The poet Alexander Kruitschenyk and the composer Mikhail Matyushin. Ends October 9. Also at the Akademie der Künste: a show of the work of Julio Gonzalez (1876-1942), the Spanish sculptor, with 250 exhibits, among them pictures never shown before. Ends October 23.

Hamburg, Kunstverein, Glockengiesserwall: 120 drawings, water colours and gouaches from between 1881 and 1955 by Fernand Léger, the French master of Cubism. Ends October 16.

Hanover, Kunstmuseum, Kurt-Schwitters Platz: more than 100 paintings and coloured sheets from a northern German private collection by Horst Antes. Ends October 17.

Bottrop, Josef Albers Museum, 20 Im Stadtgarten: oil paintings, drawings and graphics by artists from the Brücke School of painting – among them Ernst Ludwig Kirchner, Max Pechstein and Erich Heckel. Ends October 18.

Düsseldorf, Tonhalle, 1 Ehrenhof: "New Glass in German" has 280 colourful decorated glasses, vases, bowls and pictures by 59 contemporary artists. Ends November 6.

Cologne, Kunsthalle, 1 Josef Haubrich Hof: the exhibition focuses on the 27 sculptures by Willem de Kooning, the American painter and sculptor, since 1969. Ends October 30.

Frankfurt, Städtische Galerie im Städel, 63 Schaumainkai: the exhibition has the sculpture "The King of the Mountain" as well as 57 drawings by Josef Beuys, the German object artist. Ends October 30.

ITALY

Rome: Musei Capitolini, till end of September an exhibition of the restored Roman Empire period doll, including wardrobe and jewellery, "Creperia Tryphaena" – a 2000-year-old lost treasure. At the Galleria Nazionale d'Arte Moderna till end September, Ottone Rosai one-man show.

Milan: At the Chiesa delle Grazie there are 100 pre-Raphaelite and Neogothic paintings for church windows.

Florence: Palazzo Pitti: 100 paintings and collages from all over the world by Gino Severini on the centenary of his birth. Orzinuovi (a small town near Brescia) till Oct 16: exhibition of 170 paintings by Antonio Ligabue, 40 of which have never been exhibited previously.

Venice, Cantieri Navali alla Giudecca. Works by Burri. Ends Sept 30.

WASHINGTON

National Gallery: With the recent death of American art patron, John Hay Whitney, his outstanding collection of French impressionists and their successors is on view before dispersal to various museums. Ends October 2.

CHICAGO

Art Institute: 237 works from the Vatican Collection show the range of religious and secular art that Popes collected as important patrons to both artists and archaeologists. Compared to what can be seen in Rome, the travelling exhibit may seem meagre but at the same time, major works like the Apollo Belvedere and Caravaggio's The Deposition can be better highlighted in this carefully chosen and well-groomed selection. Ends Oct 16.

Museum of Contemporary Art: More than 100 works of the provocative, if not outrageous, sculptress Louise Bourgeois comprise the first major retrospective of her work, going back to the 1940s. The sexual and Women's Lib themes of recent times gained the artist a notoriety, here put in perspective. Ends Oct 30.

BRUSSELS

Old Chinese Costumes and Embroidery: Musée Royale d'Art et Histoire. Ends Oct 2.

Utrillo Centenary Exhibition: Musée St George, Liège. Ends Oct 16.

James Ensor: Koninklijk Museum, Antwerp. Ends Oct 30.

Cinema/Nigel Andrews

Fast motion and fresh breezes

Breathless, directed by Jim McBride
Staying Alive, directed by Sylvester Stallone
Come Back the the Five and Dime, Jimmy Dean, Jimmy Dean, directed by Robert Altman
We of the Never Never, directed by Igor Auzins
Something Wicked This Way Comes, directed by Jack Clayton
Without a Trace, directed by Stanley B. Jaffe

What natural hurricanes are to Florida, movie brainstorms are to California. They swirl in from nowhere, flattening all known standing structures. But just occasionally they leave more interesting patterns behind then they found.

Whoever first thought of remaking Jean-Luc Godard's *Breathless* as a hip, apengle-coloured chase thriller in Nevada and California should be put in charge of the artistic cyclone division in Hollywood. Presumably it was writer-director Jim McBride and co-scenarist L. M. Kit Carson. In *Breathless* they dress Richard Gere in a red-frill shirt, wire him for hepcat wisecracks and send him pinballing picaresquely from Las Vegas to Los Angeles, a small-time crook and compulsive car thief who's fleeing South-West after the accidental shooting of a policeman.

Once in L.A., Gere whisks into his arms his former French student girlfriend Valerie Kaprisky (thus mirror-writing Godard's film, where Belmondo's moll was an American in France, Jean Seberg). And he bats busily about from mobster to mobster, trying to raise the money for him and her to escape to Mexico.

This film is made by someone sheerly in love with film as fast motion and fresh breezes. It's like a car journey with an open window. The script isn't hewn from imaginative depths so much as quilted from colourful plagiarisms; but they harmonise inspiredly. The plot is Godard's and so is the hero's name: "Lujack," which is Jean-Luc colloquialised and reversed. The visuals are in raw-toned '50s Technicolor with touches of Antonioni (the giant *trompe l'oeil* murals that look like real vistas and landscapes). The music is by Jerry Lee Lewis and company. And the dialogue is in the pop portentous-elliptical mode born of comic strips and rock music lyrics ("He's got the power cosmic" – "You tell 'em, Silver Surfer").

If this all sounds like a clearance sale for yesterday's pop culture, it's totally enchanting as directed by McBride and acted by Gere. What other filmmaker in a "mainstream" Hollywood film would dare to have a sunset-rouged, back-projected desert whizzing by, patently artificial, behind Gere's drive from Las Vegas to L.A.? Or to turn a scene like Gere's eruption into his girlfriend's exam to sweep her off and away, with an overturned table and several stupefied professors, into high-grade slapstick anarchy. (It's like a fast, featherlight lampoon of the last scene in *An Officer and a Gentleman*.)

Meanwhile Richard Gere's big-boned handsome face, sealed up in previous movies in strong silent roles, here takes on a boom of charisma and a crinkle of wit that make Lujack the most magnetically renegade American hero since De Niro's taxi driver. (And a lot safer to be with.)

Staying Alive and *Come Back To The Five And Dime, Jimmy Dean, Jimmy Dean* also call out to the 1950s and say "Lend me your era." The first is the long-awaited (?) sequel to *Saturday Night Fever*. John Travolta, exhibiting a sweat-band and a puppyish, tantrum-prone temperament, is the John McEnroe of the dance balls, time-trapped in neo-1950s Bee Gees music and also caught between the call of two loves. His steady girlfriend is sweet, long-suffering American primrose Cynthia Rhodes. His new flame is a bitchy English girl with money (Finola Hughes), who wears scarlet-woman lipstick and drives a limousine the length of the Lusitania. She is the star of the new show whose chorus line J.T. has just successfully audited for. And Good Heavens, do you suppose the leading men might come a cropper before opening night, thereby giving our hero a chance to partner Finola and to have his name in neon?

Director Sylvester Stallone directs this throwback drivel as if it were renamed *Rocky Around The Clock*. It's all furious montage sequences, knock-out music punches from right and left, sweat-glistening training and rehearsal sessions and occasional icky doses of slow-down sentimentality.

Jimmy Dean (to abbreviate) is much better: Robert Altman's film of his Broadway production of a play by Ed Graczyk. Time: 1975. In a "five and dime" store deep in Texas, members of the local James Dean fan club gather to commemorate the 20th anniversary of his death. One by one these time-warped idolaters, nourished on nostalgia and giving it garrulous voice, have the pipe-dreams knocked out of them by the eruption of Truth; that commodity being provided by Deus-ex-Machina Karen Black who arrives late in the story and proves, startlingly, to be not what she seems.

Graczyk's play is a ten-ton comedy-allegory complete with flashback scenes. We keep whizzing back (courtesy of mirrors) to the 1950s. At its best the dialogue reaches high-octane scattiness. "Elizabeth Taylor and Rock Hudson are coming here to make a film about a giant or something" – "Dammit, Louise, I was going to tell them!" But though the play's movement and message power multi-decibelled along, they do so on such a pre-ordained thematic flare-path that it's hard to believe any director could quite turn this symbolic schema into a human story. It's as if 600 monkeys had sat down at a row of typewriters and tapped out an identikit William Inge play.

Altman succeeds by dint of magical soft-focus camerawork (Photographer Pierre Mignot), which dissolves all sense of a proscenium box and by turning each actress into a force-field of mannerisms and manias. Sandy Dennis as the fan club's top cat is simply magnificent. For once her excuse-me-I-think-I'm-going-to-throw-up style of acting (fluttering eyelids, rising gorge, trembling chin, mouth forming into "O") is put through 57 varieties of unrepugnant and beautiful tragicomic nuttiness. Karen Black provides the film's suavely kinky late punch; Cher is the funny-tough Texas-drawling huzz-saw who serves behind the counter; and Marta Heflin, dressily pregnant like an Easter egg, shines out in a smaller role.

We of the *Never Never* has the wide-screen glories of the Australian outback to romp across, but it's a less aerated than Altman's one-room movie. Melbourne newlyweds Angela Punch McGregor and Arthur Dignam sally forth to the cattle station Dignam runs up in the wildest nowhere of the Northern Territory. Here the Aborigines won't stir themselves to do any work in return for the white man's free food and baccy; the Chinese cook hates the new Missus and throws dishwater at her; and the ranch-hands eye her disapprovingly and keep murmuring—or visibly thinking—that a woman's place is in the 'oum.

However Miss McGregor, alias Mrs Aeneas Gunn who wrote the 1902 memoirs on which the film is based, ups and cracks them all over the male ego. For she *will* go with the men on cattle round-ups, *she* will treat the Abos as equals and *she* will fire that insubordinate Chinese cook. "Too light, Missus!" snaps his immediate replacement, also Chinese.

Director Igor Auzins makes the scenery hum with crane-shots and shimmer across just about the widest screen you've seen this year. And Miss McGregor makes an enchanting heroine, a bridal Frog Princess become an unbridled, wind-bronzed Outback beauty. It's only the film's good-for-you message, requiring you to take three spoonfuls of Women's Lib and Aborigine Rights with every litre of lovely landscape, that sets it back a length or two in the Best Australian Film stakes.

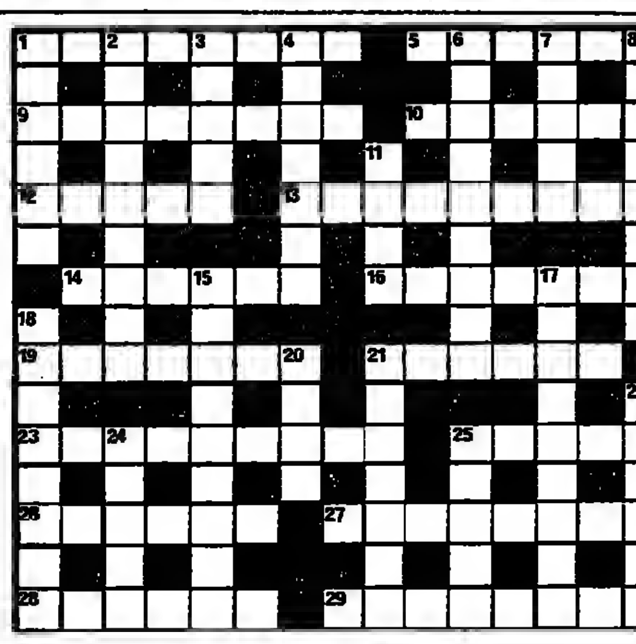
*

Something Wicked This Way Comes spirits into the daylight the rarely emerging Jack Clayton: a fine British director who has been invisible since *The Great Gatsby* (1974). We are rewarded with immediate tremors of style — from spooky low angles to sudden bravura tracking-shots — in this film version of Ray Bradbury's novel about a sinister carnival awakening the dead and terrifying the living in an American small town. The performances — Jason Robards, Jonathan Pryce, Vidal Peterson, Shawn Carson — are strictly middle-weight. But the use of painted landscapes and glass-shots is outstanding, and so is the climactic Special Effects tornado, choreographed to a crisp by Clayton.

British talent also lends lustre to *Without A Trace*, which needs all the lustre it can get. Kate Nelligan dons an American accent and a chameleon emotional range as a big city Mum whose young son disappears one morning en route to school. Kidnapped? Killed? Run away? The suspense and sympathy are banally worked up TV-drama-style by director Stanley Jaffe, with Judd Hirsch adding an all-weather father-figure detective to his all-weather ditto psychiatrist in *Ordinary People*. The ending is ludicrous. But Nelligan stands tall throughout, a shocked and beautiful rose amid an allotment of clichés.

Finola Hughes, John Travolta (top) and Valerie Kaprisky, Richard Gere (below)

F.T. CROSSWORD PUZZLE No. 5,224



ACROSS

1, 5 and 3 down. We're in it, yet then L the engineer, being redeployed? (8, 6, 5)
9 Ill-designed space? (4, 4)
10 Urge Peg to make a drink (6)
12 "R.C." author (5)
13 Child that's hurt is said to be. How is, for instance (2, 3, 4)
14 No gal's upset to be used in advertising (6)
16 Distorted or a part in proportion (3, 4)
19 Rover, perhaps at night (7)
21 Compose for theatrical performance? (4-2)
23 Daily publication follows food—cakes could be on it (4, 5)
25 Went by underground—returned for first appearance (5)
26 Dye one dog in being given treatment (6)
27 Entertain in region of Princess (8)
28 Gaudy old women gets round gentleman coming back (6)
29 Don't worry so much! It's stupid (8)

DOWN

1 When you can't play rugby? (2-4)
2 Golfer producing lack of din, perhaps (4, 5)
3 See 1 across.
4 God's charge—the effect of weathering (7)
6 Looking north-east roughly we see corner of fireplace (5-4)
7 Hard girl climbs shrub (5)
8 Serbo-croat (8)
11 Put end to lots of money coming up (4)
15 Islands having celebration so interruption arises (9)
17 A silent regard to foreshadow (9)
18 Being willing to take risk is wearing (8)
20 Stranded, being inadequate? (4)
21 Drink—swallow one! (7)
22 Tangled masses turning up (no good)—sort of symbol (6)
24 Police hesitation — there's alcohol in it (5)
25 Liked excessively to imitate Heath (5)

Solution to Puzzle No. 5,223

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Friday September 23 1983

Japan's push into Europe

DUNLOP built the first rubber manufacturing plant in Japan more than 70 years ago, and its pioneering technology helped to shape the world's tyre industry over many years. So the news that this famous British name is selling the heart of its European tyre business to what was once its Japanese *offspring* inevitably brings a sense of shock.

However, this needs to be tempered by recognising the facts of the case, as well as its positive aspects. Although around a fifth of western European tyre capacity *has disappeared* in the past five years, far too many plants are still in production. Dunlop had become one of the weakest big companies in the industry, as a result of strategic mistakes in the past 20 years and the long term decline of the British motor industry. Losses in its European tyre business threatened to bleed the whole company to death, and it was in no position to survive a long term war of attrition with financially more robust competitors.

Meanwhile, Japan has become the world's biggest manufacturer of motor vehicles, and a dominating force in the international motor trade. As a result, its component suppliers have been sharpening their technological edge, and pushing their way into foreign markets. The efficiency of their home manufacturing base is such that many companies find it cheaper to serve international markets through export sales rather than by setting up overseas manufacturing plants — even in the tyre industry, where the value added is relatively low. But Japanese manufacturers are beginning to overcome their caution about investing overseas.

Management skills

One somewhat negative explanation is their concern about the imposition of trade barriers and local content legislation. But there is more to it than that. Bridgestone Tire of Japan, which last year bought a big Firestone plant in Tennessee, decided it had to have local manufacturing capacity if it was to increase its share of the U.S. truck market. Its motives included the need to produce tyres suited to the characteristics of American roads, and to improve services to distributors and customers.

Under Firestone's ownership, the plant has been starved of capital and had a terrible industrial relations record: it would have been closed down but for the sale. Its output has doubled in the past year and a big investment programme is under way.

Japanese companies have no monopoly on management skills, and their international forays have not been an unqualified success. They find it difficult to decentralise decision-making from head office, and are seldom willing to put locals into top executive and financial posts.

Yet there is little doubt that Dunlop's surviving tyre facilities have a better chance of long term health under their new *ownership*. And *although* there can be no guarantee that its technical skills will remain centred in Europe over the long term, Sumitomo has at least made a major investment in its research and development facilities, and its brand name. In addition, a millstone has been removed from the rest of the UK company's operations.

Power bases

Over the short term, Sumitomo's investment could prove very expensive; there is a long slog to come before the European tyre industry returns to viability. But the company seems to have recognised that if it is to be a world player in its sector, it cannot remain in geographic isolation. A parallel case is that of Asahi Glass, which has been hit by losses in Belgium and the Netherlands at the companies which it bought two years ago from BSN-Gervais Danone. Outward investment can be a painful exercise, but it is a necessary quid pro quo for international freedom of movement in trade and capital.

Like the trading links between Honda and British Leyland, or Toyota and General Motors, the Dunlop story is another example of the way power bases can shift as a result of long term changes in particular industries. Happily, the trend is not all in one direction, BOC and Merck are two obvious examples of Western companies being allowed to channel investment into Japanese businesses where local technology is deficient or international connections are important. It will be to everyone's advantage if governments are willing to be responsive to moves of this kind.

Labour costs and unemployment

TODAY'S REPORT on the employment outlook from the OECD is hardly a cheerful document, but in a week when Washington reported further evidence of sharp economic growth in the U.S. it is timely.

The report is thick with evidence that Europe's labour market problems, manifested in an 11 per cent overall unemployment rate, are of a different order from those of North America or Japan. Its message is that American economic growth will not, even in the medium term, wash away Europe's jobs crisis.

With 18.75m people out of work now in the European OECD countries and 19.75 forecast for the end of next year, there is no sign of improvement. Of this total, about one third have been out of work for over a year, a ratio which has reached almost 60 per cent in Belgium, 40 per cent in France, and 33 per cent in Britain. The comparable figure for the U.S. is 7.7 per cent.

One of the unfinished tasks of the OECD secretariat is to research the institutional reasons for these huge differences, indicative as they are of structural labour market rigidity, and all the worse because the problem feeds on itself. The longer people are out of work, the harder they find it to get jobs. What also shows up from the report is the fact that the teenage unemployment problem has begun to moderate, but only at the expense of the 20-24 age group. The unemployment knot is drawing tighter as it is getting larger.

Rigidities

As the OECD says, the sustenance of the economic recovery now under way is the most vital element in improving this situation, but for Europe economic recovery no longer suffices.

The kind of rigidities which beset most European labour markets — high non-wage labour costs, job security laws, inflexible working hours, to name three — have been an important factor in hardening the employment problem. The structural unemployment which has resulted can be dealt with, as the report says, only "by improving the functioning of the labour market and stimulating job-creating investment. It is necessary to apply macro-economic and selective structural policies simultaneously."

Objective

Easier said than done, of course, but the report is right to defend the role of selective employment policies. The point is that these measures, whether they come in the guise of training programmes, regional policy or employment subsidies, are all capable of being adapted to further a strategic objective.

That objective is twofold: to reduce the cost of labour relative to the cost of capital, a process that would assist the recovery of profits and so of investment. The second part of the strategy is to ensure that the investment so generated is job-intensive.

The OECD has even hypothesised a selective employment scheme of its own, whereby companies would be offered marginal investment or employment subsidies in return for signed agreements with their workforces on wage moderation. Although the problems in designing and monitoring such a scheme would be difficult, in practice the principle is the right one. It could usefully be employed, for example, in recasting Britain's worn out regional aid policies.

Given the crucial importance of avoiding a winter wages push, with the consequent risk of fiscal and monetary retrenchment, the theme of jobs in exchange for pay restraint is one which could be usefully examined in the public sector. Britain's largest employer, the health service, for example, might be a candidate for such an approach.

The OECD report should encourage governments to explore new approaches to employment creation and to review critically their existing tax concessions and subsidies which impart an excessive bias in favour of labour-saving investment.

No detail of an adjustment programme with even the smallest member, be it Fiji or Haiti, can be agreed without M de Larosiere's personal imprimatur . . .

Where the world's credit is rated

Anatole Kaletsky in Washington examines the IMF's philosophy

IF THE International Monetary Fund did not exist, it would have had to be invented this year. Without the IMF a number of the world's leading banks might by now have been in liquidation, many developing countries would probably be in the grip of revolution or starvation and the industrialised world would be plunging deeper into recession instead of pulling out of it.

Perhaps this is why fewer than usual of the delegates at next week's annual meeting are likely to deliver their traditional diatribes against the IMF, despite the Fund's harsh exactions from the record number of nearly 30 Third World and Communist countries which have submitted to it in the past year. In fact the (unwritten) agenda for this year's meeting makes no concessions to the developing countries' inveterate efforts to soften what they regard as the flinty conservatism of the Fund's philosophical approach.

The only immediate political pressures which the Fund still needs to worry about are those from the U.S. Congress. These will effectively disappear once President Ronald Reagan girds himself for the all-out effort required to push an IMF funding bill through Congress, as he is almost bound to do by the end of the year. The Reagan Administration's recognition that the Fund has a right to exist is a far more important development of the past year than the obloquy from Congress.

In any case the congressional abuse is largely self-cancelling, *since it comes in equal measure* from both left and right. One side accuses the IMF of "supporting communism," "callously disregarding the U.S. deficit" and turning developing countries into "loan lushes." The other denounces it for "exporting the policies of the Federal Reserve System" and declares that "if you are for jobs, you are against the *IMF Bill*," to quote Congressman Buddy Roemer of Louisiana.

Beyond Capitol Hill, the financial traumas of the past year have certainly strengthened the Fund, its practices and philosophy, against its critics, whether from the industrialised or the developing world. At the same time, the Fund's successes in keeping a lid on the problems have temporarily silenced the proponents of global debt restructuring and other types of international monetary reform, both of which the IMF management has strongly opposed.

Yet if it is now clearer than ever that an IMF is needed, it is less clear that the IMF which is required today is the one which has evolved under its own institutional momentum from the ideas presented by Lord Keynes in 1944 at Bretton Woods.

The biggest doubts, which undoubtedly re-emerge once the Third World debtors regain some confidence, or if political pressures explode in one or more major fund borrower, focus on the fund's core activity—the design and negotiation of the economic adjustment programmes which borrowers are required to accept in exchange for any use of IMF funds beyond a small basic entitlement of "low conditionality" facilities (which most countries in deficit have already exhausted well before they have a balance of payments crisis).

The Fund unquestionably does have an in-house adjustment "philosophy," although officials insist that "each adjustment programme is tailor made for a particular borrower." Indeed the Fund goes to inordinate lengths to ensure "consistency" between its programmes for different countries, and "equal treatment of all members" is a principle which officials invoke with almost *mystical reverence*.

The job of reconciling the seemingly conflicting goals of "equal treatment" and "tailor made solutions" falls initially to the Fund's most powerful group of economists, called the Exchange and Trade Relations Department (ETR). Every Fund mission contains at least one member of ETR. These people are sometimes regarded with a touch of awe even by the mission chiefs, who are Fund officials working in one of five geographical departments.

After M Jacques de Larosiere, the managing director, the director of ETR, a quiet and thoughtful Australian called Mr David Finch, is the second most influential man behind the overall philosophy of the IMF. Between them, these two gentlemen are, as one official puts it, "the conscience of the Fund." And the Fund bureaucracy is centralised in such a way that no detail of an adjustment programme with even the smallest member, be it Fiji or Haiti, can be agreed without M de Larosiere's personal imprimatur.

A geographical department will never even enter into preliminary negotiations with a country requesting a loan without first receiving detailed instructions from the managing director. Whenever a mission leaves Washington this means a personal briefing with the managing director. The briefing paper for this discussion, written by the country economist, circulated to ETR and other specialist departments and finally revised by the managing director personally, is one of the most important and confidential documents in any loan negotiation.

This paper sets out the Fund's true bargaining position, the final aim towards which the country mission is instructed to negotiate. As in any bargain, the Fund's initial offer may be at some distance from the final goal.

A basic maxim of Fund organisation is that flows of paper to executive directors, who are appointed by individual countries, rather than the Fund as a whole, are kept strictly separate from communications within the staff and between the staff and the managing director. *Although* the executive directors in principle make all final decisions, it is obviously most important that they do not see the *negotiating instructions* relating to countries which they themselves represent. The principle of "equal treatment" *thus requires* that none of the staff's internal memos are shown to any executive directors, although they are frequently consulted and briefed orally by both the managing director and the staff.

Only when a negotiation is completed does the managing director approve a detailed report and statement of conditions which goes to the executive board along with the recommendation for a loan. This is the point at which "consistency" is ensured and precedents are set.

When it comes to establishing the fund's bargaining position, the principles of "equal treatment" become more arcane. The basic philosophy is the same in each case. "First you look at what the capital account can be —then you derive the current account from that," says one official. Having decided what improvement in the current account is required, "in all cases of payments difficulties, the authorities' attention will have to be focused on reducing the level or the rate of growth of demand—which broadly means deflation—and on redirecting resources—which broadly means devaluation," Mr Finch himself explained in a rare public speech last year.

Thus the basic issues of the traditional IMF programme are, first, the balance between devaluation and deflation, second, the mix of fiscal and monetary policies required to achieve the desired deflation in aggregate demand and, third, the actions required to ensure that the effects of an agreed devaluation stick, and are not simply dissipated through higher inflation.

All three of these measures are usually unpopular — deflation because it involves higher taxes, lower public spending and subsidies and higher interest rates, devaluation because it means higher import prices and dislocation because it often requires cuts in wage-indexation agreements, as it did in Brazil.

Typically governments resist the mix of devaluation (particularly when made to "stick" through disinflation) even more than fiscal and monetary deflation. The preservation of overvalued exchange rates, providing cheap imports of luxury goods and food, is one of the most potent subsidies for the middle classes and the urban proletariat at the expense of the rural population. The foreign exchange scarcity which results from overvaluation also provides an abundant source of corruption for government officials and black market traders.

While the Fund certainly regards inflation as an evil in its own right, officials say that concern to maintain a country's competitiveness is the primary driving force behind most of the anti-inflationary programmes its recommends. Although declining inflation rates are often projected in three-year programmes, they are rarely required as "performance targets," officials point out.

Nevertheless, in practice, the adjustment programmes frequently put considerable stress on inflation control through their targets for public borrowing, credit expansion and monetary growth. If inflation proves worse than projected, *these targets*, which are set in current money terms, turn out to be tighter than if inflation declines.

While there is room for a lot of haggling on the detailed mix of a fund programme, all these elements are almost invariably involved to some degree.

However, this "typical" methodology begs two fundamental questions, which underline the new problems faced by the Fund since the late 1970s. Both stem from the fact that the Fund today is called on to perform a very different role in the world economy from the one envisaged by the founding fathers at Bretton Woods.

Instead of merely tiding industrialised countries over temporary current account imbalances, the IMF has been drawn deeply into the task of marshalling and setting conditions for long-term commercial bank lending required to sustain the capital accounts of developing countries. Its traditional focus on rapid current account adjustment has served well enough to get through the first phase of the debt crisis. But a more comprehensive restructuring of international bank lending and the capital accounts of many developing countries may still be required.

The first question, therefore, is How does the Fund decide "what the capital account can be?" In other words, how does it determine how much the commercial banks can be induced to contribute to a country's adjustment programme?

One way this question is sometimes approached is by starting off with an estimate of the maximum exports that a country can reasonably be expected to achieve on the basis of past performance. The Fund then calculates the minimum imports required to provide the inputs for export industries, adequate food supplies and other "essential." To the resulting trade surplus is added the financing available from the Fund, plus any other official sources, such as the World Bank. The country's current debt servicing obligations are then subtracted to give the "preliminary gap" which has to be financed. The commercial banks are then asked to fill the gap. If the gap is too big to fill "we iterate," meaning that a new programme with a sharper squeeze on imports and more resources for exports has to be devised.

Other rules of thumb are sometimes used, such as insisting that banks maintain their exposure to the country as a proportion of their total assets.

The second, even broader question, is whether general deflation is appropriate at all in response to the abrupt withdrawal of bank financing. Many of the countries which have come to the IMF in the past year had undoubtedly been following extravagant and unsustainable policies. But some other countries, including Brazil, had borrowed at least in in part for longterm productive investments, on the assumption that loans coming due would be automatically rolled over or refinanced. Many leading bankers have publicly confirmed that this was also their intention when they actually advanced the money.

Brazil in particular might not have suffered a debt crisis on the basis of its current account alone. Its biggest problems arose from the attempts by the banks to reduce their exposures in the general panic over Latin American debt. In the long-run both Brazil and its bankers might well have been better off if the loans had been explicitly arranged for 10 or 20 year maturities and if the pace of lending were maintained over the current recession.

Once the dust has cleared from the first phase of the debt crisis, particularly when the point arrives for countries like Brazil to pay much more to the banks in interest than they will be getting back in new credits, they may ask whether sticking to an IMF adjustment programme is worth it.

If years of healthy export growth under IMF surveillance produce tangible benefits only for bank cash flow rather than for the citizens of Third World countries, there could yet be serious calls for long-term debt restructuring, world financial reform and a new role for the IMF. This week's annual meeting would then mark the end of the beginning for the Fund.

Men & Matters

Posted Price

Charles Price, the new U.S. ambassador in London, if the senate approves is, like John Louis, the man he will replace, a political appointment.

Price, now 52, spent 26 years as a candy-maker before being given the relatively minor post of ambassador to Belgium two years ago.

He has, however, achieved the rare feat of almost universal acclaim from fellow diplomats in that most diplomatic of capitals, Brussels.

One senior ambassador, who knows him well, says he has done a "magnificent job" for the U.S.,

He has apparently developed a close rapport with George Vest, the U.S. ambassador to the EEC and technically his senior.

In an interview Price said he was probably in the candy business for too long. He said he wanted to be thought of as "Someone who has seriously endeavoured to pursue a new career."

He got off to an appropriately diplomatic start when asked to comment on John Louis, the man who is reported to have been removed from one of the world's most prestigious embassies under a cloud.

Talking about his friend of 30 years—Price is godfather to Louis' eldest daughter, Kim—Price said "I think he (Louis) has been unfairly treated by the press."

Room service

Running one hotel would be a headache for most of us. Gerry Morin, a quiet middle-aged American from Massachusetts, who is the new British-based president of Sheraton's most profitable division running hotels across Europe, the Middle East, Africa, and India, has 47 under his command.

"But this is only the start," he tells me. By 1988 he is planning to double the division's bedrooms on offer to 28,000 with 64 new hotels.

"We are not in the real estate business," he finds himself forced to repeat as he is asked how such a massive increase in hotel capacity can be achieved.

Sheraton ideally would not hold any equity at all in the hotels under its management. But in order to realise a project the group will take up to 20 *per cent of the equity* in a new hotel bearing its name, together with a tight management contract to run it to Sharaton standards.

The group's biggest project in Britain at the moment is a new Scottish flagship, a 225-bedroom Edinburgh hotel costing £13m which should be ready by January 1985. Shearton has had to put up money for that one.

After Edinburgh Morin is looking towards new British hotels in Brighton, Birmingham, Bristol, Glasgow, Manchester, and Cardiff during the next five years.

Swish Swiss

Among every 160 Swiss citizens across their country you can *expect to be rubbing* shoulders with at least one declared franc millionaire (at 3.25 Swiss francs to the pound).

That is if you accept figures just released by the Swiss federal government. The suspicion must be that as the recession has not hit Switzerland as hard as elsewhere there are many more Swiss millionaires than that living quietly in this comfortable corner of Europe.

The new figure, as the authorities concede is based only on those rich people who are simple enough to declare that the yhave an income above 1m Swiss francs annually.

The Swiss millionaire's comprise nearly 1 per cent of the taxpaying population. There are some 40,000 of them.

"How would you like to be on television, Sir?"

Maxwell's man

When top politicians step down their leading aides do not always find it easy to set off in a different directinn. No such problems have beset Sir Tom McCaffrey who ended his reign as the Prime Minister's Chief Press Secretary by nailing his rolours to Labour's mast when James Callaghan made way for Mrs Thatcher in 1979.

Sir Tom is heading for the City of London when his role as chief assistant to the Leader of the Opposition comes to an end with the departure of Michael Foot from the Labour leadership.

McCaffrey's new role will be to head the office of the chairman and chief executive of the British Printing and Communications Corporation, the redoubtable Robert Maxwell, former MP whose personal fortunes have soared recently.

IBM ride

Shopping around for a microcomputer software subsidiary a couple of years ago, John Imlay, chairman of Management Science America, the world's largest independent software house, was favourably impressed by a small U.S. company called Peachtree.

The price seemed reasonable at $6m. But Imlay's eyes really began to sparkle when the Peachtree management swore him to secrecy and then took him into a room, locked and barred and containing just one small computer.

"This is IBM's new personal computer" Peachtree chiefs explained, anxiously, "We've been commissioned to write software for it, but we don't know how well it will sell."

Imlay feigned shock at the amount of time, people and money, Peachtree was gambling on an unproven venture—and managed to have $500,000 knocked off the asking price.

Now the IBM personal computer *is* the *great electronics* success story of our time.

Peachtree has moved from $2m to $20m revenues in less than two years and Imlay has reinforced his rompany's position at the top of the aoftwara pecking order.

And the story has had a happy ending for the original Peachtree managers. They were given equity as part of the take-over deal and the value of their investment has trebled since then.

Twinge benefits

Advertisement in a California newspaper: "Mature male or female assistant for kitchen duties in rheumatism clinic. Meals, treatment of own rheumatic condition if required . . ."

Observer

TWO WEEKS OF BELGIUM'S STRIKES

Why the unions boiled over

By Paul Cheeseright in Brussels

Rubbish piles np in Brussels as the strike by public service workers continues

BELGIAN TRADE unions have been staging the most comprehensive assault on stringent bndgetary policies that Western Europe has seen for some time. Although union movements generally have been more quiescent in the face of recession and rising unemployment, the Belgian unions have provided a reminder of the latent power of organised labour.

Since September 9 the strikes in Belgium have paralysed the hureaucracy, brought public transport to an almost total halt, shnt schools, deprived pensioners and national lottery winners alike of their money and let ruhhish accumulate in the streets. Yet they started spontaneously.

It is this spontaneity, harnessed later by union chiefs, that is providing much food for thought in the European capitals.

How can a government handle a simultaneous breakdown in large parts of the state machinery? When are employees likely to say "Enough is enough" if confronted with policies designed to trim the fat off an economy and make it competitive again?

The special circumstances of Belgium make the country a difficult case study. The unions have distinct political loyalties—there are three broad groupings, Socialist, Christian Democrat and Liberal. And, just as the political parties which reflect these persuasions are split into Flemish (Dutch-speaking) and Walloon (French-speaking) wings, so too are the unions.

Until September 9, the Christian Democrat-Liberal coalition Government had a relatively smooth run with the unions. Even in dealing with the painful rationalisation of the steel industry, the Government remained secure against the unions because the Socialist and Christian Democrat groupings could not agree on a combined approach.

The public sector strike changed that, at least for a time. It was not that the union chiefs were in special alliance. Rather, pressure for the strike came up from underneath. To regain control of the strike union leaders were forced to cooperate more closely than they have done in the past.

Here was a major threat to the Government. Its carefully cultivated links with the Christian Democrat unions came under severe strain. The Liberal grouping was less of a prohlem: it has few members in the public sector.

But the Government, as the sequence of events shows, was slow to spot the danger. The story starts in July.

During that month, the Government passed from bruising internal negotiations nn the future of the steel industry and the financing of distinct Flemish and Walloon regional ambitions to consideration of the 1984 budget. It pnt together a package which involved new attempts to curb the public sector deficit.

As soon as the broad political compromises had been struck, the Cabinet and political party chiefs packed their bags and joined the rest of the nation on holiday. There was little ettempt to explain the détail of what was being done: the governed were in the heaches and in the hills. Details of the budget could he worked out in September.

But there were union leaders combing through the budget proposals in August. Early this month there were consultations in the Walloon industrial town of Charleroi about the special problems of the railwaymen who looked as if they would be particularly affected by the pnblic sector cuts, especially on bonus payments and built-in two yearly wage rises. The local union leaders said they would think about a strike in October.

But wben the railwaymen themselves heard about bow they might be affected by the cuts, they took the matter into their nwn hands. That was September 9.

The strike spread through the rail network and ont into the civil service and the state agencies. Within a week the state machinery was seizing up and transport difficulties were preventing private sector plants from receiving supplies. The situation was running out of control.

Four days after the first strike moves in Charleroi, Mr Herman de Croo, the Minister for Communications, was quoted as saying that, in effect, communication had broken down both within the unions and between the unions and the Government.

"If the Press bad not told me, I still wouldn't know why there's a strike," be said. "I have received no warning, no notice, no precise demands. I've been as surprised as the unions if I can believe a periodical 1 got from the Christian Democrat union this morning. On its front page there was a headline "Too much is too much" and lt told lts readers that a counter strategy to the 1984 hudget will be studied on September 20."

Then and later the Government was sticking to the same line. The hroad budget plans laid down in July must remain: the deficit could not go above BFrs 503bn, and BFrs 8.3bn had to be saved from the system nf public service payments.

But what the Government did not do was to take its case to the public in any detail, until last Monday—10 days after the first strike. By that time lt was too late to defuse the unions because they had already widened the terms of the argument.

The initial spark for the strike was concern mostly about the details of bonuses and rises, about wbether salaries should be paid at the beginning of the month or, as the Government wants, at the end.

By this week thougb the Christian Democrat and Socialist unions were listing mucb hroader demands. Generalised, these demands embodied the theme that enough is enough, the public sector and the workers have made sufficient sacrifices, the wealthier should pay more in taxes and there should be more action to reduce unemployment.

Instead of one strand in the dispute, there were two and they were tangled. From the Government's point of view the first thing to do was to separate specific public sector pay issues from the wider issue of the budget. By yesterday it looked as if this limited aim was being achieved—but at a price.

It suspeoded talks with the unions and employers about the general shape of the 1984 budget until next week and went into negotiations with the public sector unions. Yesterday the unions were considering the package for the public sector that emerged Thursday evening.

The package is the price, because the guarantees it offers the public sector employees on pensions inevitably handicap the Government's wider plan to rationalise the social security system which has been eating up an increasing share of the Governmeot's budget. So while the Government may be able to claim that its 1984 budget strategy remains intact, its future freedom bas been curtailed.

The public sector dispute may be edging towards a finish and this will bave an impact on the more general talks about the hudget. But the game is not yet over, suggesting a tense 10 days before the Government makes its final decisions on September 30.

In the meantime though, the fabric of the coalition government is likely to be frayed, if not torn. The demands of the unions chime, at least in part, with arguments about future economic measures already going nn in the coalition between the Christian Democrats and the Liberals.

Yet the demands of the Socialist unions tend to be more far-reaching than those of the Christian Democrats, opening up the possibility that the Government may again be able to divide and rule, neutralising the power of the unions. That supposition would only work, bowever, if the coalition in Brussels itself hangs together.

If governments in general are to learn anything from the events of the past fortnight in Belgium it is, perhaps, that tough economic measures affecting the monthly pay packet cannot be introduced cold. The ground needs to be prepared. The measures, when they are agreed, need detailed and frequent explanation.

Social Affairs

Divorce reform: getting rid of a 'meal ticket'

By Ian Hargreaves

WHEN THE Queen, in June, announced that among ber Government's tasks for the coming Parliament would be "a Bill to improve family life," it required a certain knowledge of the Englisb way of doing things to understand that she was talking about divorce.

The Matrimonial Causes Bill will, when it is introduced to Parliament early next month, propose the most significant reforms to the legal institution of marriage since that landmark of permissiveness, the 1969 Divorce Law Reform Act. Whether it will improve family life is another matter.

Based upon a Law Commission report and already subject to a dry run in the form of a Private Member's Bill whicb ran out of time last session, the new Bill is designed to redress in favour of bnsbands the balance in the financial arrangements which follow divorce.

The male Establishment has for some time been strongly of the opinion that existing arrangements offer it a raw deal, by supplying to many divorced wives what is gracelessly termed a "meal ticket for life."

The objective of the Bill is to reduce the supply of meal tickets. In fnture, courts would be instructed primarily to make financial provision in maintenance orders for dependent children, wbile encouraging courts to facilitate "a clean break" between husband and wife. Although wives would be entitled in some cases to maintenance in their own right for a limited period of "rehabilitation," the Bill removes the present law's objective of requiring that divorced partners be left in similar financial circumstances.

Unsurprisingly, fusillades have been exchanged across the sexual divide about the fairness of these changes. Men point out the difficulties of providing for a second family while still supporting an ex-wife. Women argue that to change the rules midstream is unfair and will cause hardships, especially for older women unable to enter or re-enter the labour market.

In fact there is so little evidence about the level of maintenance and the degrees of hardship involved in divorce that the seeker after truth had probably hest sit on the fence. The only research evidence—from the Oxford University centre for socio-legal studies—suggests that 6 to 7 per cent of divorced wives rely upon maintenance as their main source of income.

That, at least, indicates that male pictures of vast numbers of alimony drones are exaggerated, hut does not really take us much further. In the end, one suspects, whatever the rules say, it will he a question of courts making difficult decisions according to individual circumstances.

Pictures of vast numbers of alimony drones are exaggerated

What has surprised, even shocked, some critics of the Bill is not so much the arguments about maintenance payments, but the fact that this Government should be sanctioning even easier divorce in apparent contravention of the principles of self-responsibility and family self-reliance which are one of the consistent themes of Thatcherism.

Although there was talk at the end of the last Parliament that Mrs Thatcber found the Bill somewhat distasteful—it has been pushed, primarily, by Lord Hailsham, the Lord Chancellor—Government backing for the Bill is not really so surprising. The Britisb new Right has always prided itself upon being different from its American counterpart precisely because it does not espouse Moral Majority positions on issues like abortion, homosexuality, divorce and female equality. As Mr Patrick Jenkin, then Social Services Secretary, argued in a foreword to a Conservative Party discussion document on marriage three years ago: "We move on to difficult ground if we argue that government should take responsibility for, or even directly try to influence, bow people live their lives."

That is fine, so far as it goes; less satisfactory is the fact that at the same time the Government is able to construct a social services policy upon the idea that families should sboulder more of the burden of caring for their elderly ("the family must be the front line of defence when Gran needs help," to quote Mr Jenkin again), or to keep their unemployed youngsters on the family budget longer.

Little attempt has been made to assess the social policy implications of the fact that divorce has multiplied six-fold since 1961, making it the statistically probable outcome for one in three of today's newlyweds. Examples of the failure of policy to react to this phenomenon of mass divorce and treat women as separate individuals in their own legal right are legion. They range from the absence of action on tax changes to treat husband and wife as independent entities to the inconsistency in social security policy which denies allowances to married women caring for invalid relatives at home.

Our failure to do better with policies for one-parent families—one household in seven today, 47 per cent of them living on social security and a major area of poverty—is part of the same problem. And it is all made worse by excessive propagation of the idea that men and women are equally capable of providing for themselves—a fine enough principle to strive for, but not likely to be true so long as women lower their value in the labour market by taking time off to raise children.

There is some danger that in our haste to sanction the social and moral mobility which has resulted from affluence, we ignore the economic side-effects and behave as if nothing can be done about these problems. Is it not time that the Chancellor found a better way of spending the £9.4bn a year currently disbursed in the form of the married man's tax allowance?

"Politics Today" will be published tomorrow.

Letters to the Editor

Unitary taxation for mulinational companies

From Mr J. Newman

Sir,—The UK participants in the campaign on United States unitary taxation are in Washington lobbying hard with the support of the Chancellor and the UK Government. The U.S. Congress, however, seems to be ignoring the lobby and little or no impression has been made.

This issue has been the subject of argument for at least 10 years. The time has come for unilateral action either by HM Government or by a public spirited MP.

The action I propose is a unilateral change in the double tax agreement between the UK and the U.S. without recourse to the U.S. In the Finance Bill 1984 a short clause could be inserted to disallow the repayment of advance corporation tax to U.S. individuals and corporations in order to compensate the UK in general for the imposition of unitary taxation at the state level on UK-owned corporations. This action may not be thought tactful in the normal course of international relations, but the time for tact has passed. Unitary taxation is a very dangerous principle: if it is accepted, in the U.S., this acceptance will lead to its introduction by other less developed states with disastrous consequences for some industrial sectors e.g. mineral extraction and banking. This is why such a measure is called for.

This is possible because of the fundamental principle that one Parliament cannot bind a succeeding Parliament. In this connection the UK has already (albeit unwittingly) unilaterally amended the old double tax agreement between the UK and the U.S. by the Finance Act 1971 (which introduced the unitary [sic] system of personal taxation and abolished surtax) without seeking U.S. approval. This is an adequate precedent for action.

John A. Newman,
11, Garrick Street, WC2.

From Mr P. Wright

Sir,—According to your editorial of September 19, multinational companies are an asset to the world economy because they "promote an efficient international division of labour, and allocate investment resources appropriately, and with appropriate expertise." This suave statement disguises the important question of efficient and appropriate for whom? Allow me to cite one example, by way of illustration.

The pineapple production of Dole and Del Monte used to be concentrated in Hawaii. As workers there became unionised and started to fight for higher wages and better conditions, these companies moved out to the Philippines turning it within a short time into the world's largest pineapple exporter, and making use of a good part of the two-thirds of Philippine agricultural land which is used by multinationals for export agri-business.

Now who was this investment decision appropriate for? Not for the workers in Hawaii, thousands of whom were left unemployed. Not even for the Philippino peasants, who cannot afford to eat what they labour to produce. And certainly not for those Philippino peasants who refused to lease their land to multinationals like Del Monte and subsequently faced severe intimidation.

This example could be multiplied many times with respect to other countries, companies and products.

Philip Wright,
University of Sheffield,
Division of Continuing Education,
Broomspring House,
85, Wilkinson Street, Sheffield.

Offer for shares in BP

From the Secretary, BP

Sir,—Mr Perry's letter (September 22) appears to be based on a misconception. Section 38 of the Companies Act 1948 does not apply to this offer for sale since the prospectus has not been issued by or on behalf of BP and in any case the shares offered are, as he pointed out, listed on the Stock Exchange. There is accordingly no requirement that the offer for sale should comply with the provisions of the fourth schedule to that Act.

The procedure followed in this case reflects that adopted in relation to other offerings of securities which are already listed, where full information regarding the company concerned is available in the market.

J. E. Wedgebury.
Britannic House,
Moor Lane, EC2.

Expenditure policies on education

From the General Secretary, National Union of Teachers

Sir,—May I respond to some of the points on teacher numbers raised in Michael Dixon's article (September 20).

Pupil-teacher ratios (PTRs) are not an adequate guide to actual class sizes. PTRs include, for example, head teachers, much of whose time is spent on administrative, rather than classroom, duties. Despite the slow overall improvement in the PTRs, Department of Education statistics tell us that there are still 1.5m children in England in classes of 31 and more.

It is right to say that the improvement in the PTRs is due to the drop in birthrate. But the latest report of Her Majesty's Inspectors of Schools explained: "Overall PTRs may improve but the nature of the numerical improvement achieved in this way may be random and cannot guarantee that all schools have adequate supplies of the teachers they need." It also said that teacher numbers are "the key to providing teaching groups to match pupils' needs."

The NUT has urged successive governments to grasp the opportunity presented by falling rolls to reduce class sizes substantially. Instead, the PTR has remained virtually static and at least 22,000 teaching jobs have been cut by the Government.

The direct result has been to pose a serious threat to the maintenance of a balanced school curriculum. The latest HMI report catalogues the effects: cutbacks in remedial classes; an increase in enforced mix-age, mixed ability and mixed examination classes; the loss of subjects such as music, French and science from the curriculum; and staff teaching subjects for which they were not qualified.

There is clearly no simple relationship between class size and educational attainment. Parents, however, clearly believe—especially those whose children enjoy the average PTR of 12.5:1 in the private sector—that there is a link between the personal attention given to each child by teachers and that child's educational attainment.

In many cases headteachers deliberately organise their classes so that those children who are likely to have difficulties are put into small groups where they can receive the help and individual attention that they will need. These children may not excel—but they will fare better than they would have done in large classes. In other words, small classes per se do not lead to low attainment: correlation does not imply causality.

During a period of falling rolls, the PTR must be substantially improved to preserve the curriculum. To give a concrete example: a typical secondary school has, say, 1,000 pupils, 62.5 staff and a PTR of 16:1. If the rolls fall by 2 per cent this means the loss of 20 pupils. This is less than one class, yet the school may be forced to cut back by more than one teacher. Which subjects will disappear: music, remedial help for slow learners?

These are the choices that face schools, and proof of the damaging effects of current public expenditure policies on education.

Fred Jarvis
Hamilton House,
Mabledon Place, WC1.

Reading the meter

From Mr J. Snow

Sir,—What amazes me in the matter of meter readings is the difference between the insolent attitude of my area Electricity Board — which seems to consider me incapable of providing it with a truthful reading—and the helpfulness of the Gas Board which willingly provides cards for its customers' use in cases where its meter readers cannot gain access.

J. R. Snow.
Meudon, Turnball, Chiseldon, Swindon, Wilts.

Abolishing the GLC

From Mr H. Wine

Sir,—Mr Peter Waine's letter (September 16) shows how little thought the Confederation of British Industry has put into the problems that would be posed by the abolition of Greater London Council.

If the £770m which the GLC costs annually is to be saved, then either all of its present functions must cease to be done, or they must be done by the existing (not additional) staff employed by the London boroughs. If the latter, are existing staff to be paid overtime for doing work for which they have less expertise than the GLC staff, or will the change simply lead to further delays in the implementation of transport and environmental works and the processing of planning applications? How much will the reorganisation cost and why should London, alone of this country's major cities, not have democratic control over transport and other matters.

The fact is that abolition of the GLC only became a political issue when Labour won control. If Mr Waine really wants to encourage London's businesses, he should start supporting the cheap London transport policies advocated by Mr Livingstone. No other policy would more quickly generate a more prosperous and clean city.

H. M. Wine.
53, Christchurch Road, SW14

FINANCIAL TIMES

Friday September 23 1983

LONDON ANALYSTS WELCOME FORMER BL CHIEF'S COMPUTER APPOINTMENT

Edwardes to take over at ICL

BY JASON CRISP IN LONDON

SIR MICHAEL EDWARDES, executive chairman of BL for five years until the end of 1982, is to become chairman of ICL, the British computer company which had to be rescued by the Government.

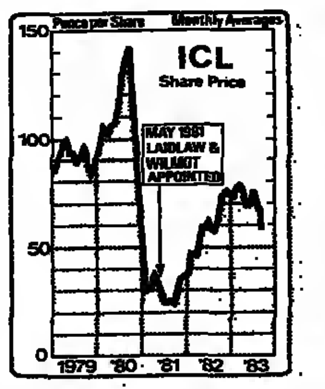
Sir Michael will succeed Sir Christophor Laidlaw, who has been ICL's chairman since May 1981, just after the government rescue.

ICL said that Sir Christophor, aged 61, believed the time was now right to hand over to a younger man. Sir Michael Edwardes, aged 52, joins the ICL board on 1 October as a non-executive director. He will become executive deputy chairman on April 2 1984 when Sir Christophor retires.

Sir Christophor Laidlaw, joined ICL from BP where he was senior deputy chairman. When he leaves ICL next year he will have been with the company three years. His initial contract had been for two years.

Both Mr Robb Wilmot, managing director of ICL, and Sir Christophor were appointed by the British Government after it had rescued the company with loan guarantees of £200m ($300m) in March 1981. ICL is the largest British-owned computer company, with sales of £721m in the year ending September 1982. After losing £50m in 1981, the company is now back in profit. Last year it made £23.7m pre tax profit.

The two most important aspects of the rescue were the dramatic cutting of costs by slashing a third of ICL's 30,000 workforce and the widening of the product range through



a number of collaborative deals with other companies. The collaborative deals included chip technology and very large computers from Fujitsu, a powerful professional microcomputer from the U.S. company Three Rivers, a personal computer from Rair, a British operation, and a digital telephone exchange from Mitel in Canada.

As part of the process of rebuilding confidence in the company, ICL announced its product strategy for several years in advance. In some ways, this has backfired, because any problems with those products or the collaborative deals have been seen as very damaging.

Sir Michael will earn more than £100,000 a year as chairman of ICL, which is seen as a full-time job. He will, however, keep some of his non-executive jobs such as the chairmanship of Chloride, the company he once ran. Sir Michael will also benefit from share options at ICL, which the company said would be "commensurate with his responsibilities."

London analysts' reaction to Sir Michael's appointment was generally favourable, although its shares shed 1p to close at 58p. Some questioned whether Mr Wilmot would get on as well with Sir Michael as he had with Sir Christophor. As one broker put it: "Here is one man with a strong, vibrant personality meeting another with a strong, vibrant personality. Like steel meeting flint, there will be sparks. Let us hope they are positive sparks."

Mr Wilmot, the dynamic, workaholic, technological whizz-kid who made his reputation turning round the troubled British subsidiary of the U.S. electronics group, Texas Instruments, was aged only 36 when he joined ICL. He was counter balanced by the wise and mature Sir Christophor, then 58.

While Mr Wilmot dived into ICL, its technology, products and management, Sir Christophor set about reassuring the City of London and the Government about the company's future. Sir Christophor's role in rebuilding confidence in the company has been highly praised in the City. His role was crucial in two rights issues needed to restructure ICL's ailing balance sheet.

As one analyst close to the company put it yesterday: "Sir Christophor brought weight and sagacity with his experience from BP while Robb had silicon charging through his veins."

After being much heartened, and relieved, at the rescue of ICL, the view of the company has been falling over recent months. There are a number of reasons:

- Problems with some of the collaborative deals. The Rair computer has not been a success. More important Mitel, one of the leading manufacturers of private telephone exchanges, ran into difficulties with its new powerful digital exchange, which ICL was to sell as part of its move into office automation.
- Industrial relations problems which threatened in the summer.
- ICL was seen to lose some important contracts. One of the most alarming bits of news was that it could be losing a big contract at British Telecom. At one point it seemed as if the state-owned telecommunications group was going to adopt an American-developed software package for itemised billing to customers, which would probably use IBM computers.
- IBM's pricing and new model policies. All the leading mainframe computer companies have been badly hit by the new "mean and lean," IBM which has taken a very aggressive stance. Only a few days ago, IBM announced another series of price cuts and new models which are very hard for other manufacturers to follow.
- ICL's shares have been affected by the general weakness of the electricals sector on the London stock market.

Paris will need extra cash for defence budget

By David Housego in Paris

THE FRENCH Government is expected to introduce a supplementary defence budget in December to finance the cost of military operations in Chad and Lebanon.

This emerged yesterday after M Jacques Delors, the Finance Minister, had confirmed before the Finance Commission of the National Assembly that the operations would require additional budget allocations.

Officials said yesterday that the Defence Ministry was currently bearing the cost out of its reserve funds. These are credits already voted for items such as fuel stocks or spare parts but so far unused.

The Ministry of Defence is now costing the operations, which represent France's largest deployment overseas since the Algerian war. France has 2,000 troops in Lebanon and 3,000 in Chad.

Opposition deputies have put the cost of the French involvement in Chad at FFr 200m ($24.8m) a month, and of France's participation in the multinational force in Lebanon at more than that. The French contingent is now supported by the aircraft carrier Foch in the Eastern Mediterranean and by support ships.

The major cost in Chad was the initial expenditure in transporting troops and equipment in August. Since then, costs have been running at a lower level, though there is additional expenditure since troops serving in Africa, for instance, receive a bonus.

In the present climate of financial stringency, the Government will be anxious to keep supplementary budget as low as possible. In part, this will be done by shifting some of the costs of the war on to other ministries. Officials said yesterday that the Ministry of Co-operation and Development would certainly be called on to bear part of the expenditure.

In all, France has some 30,000 troops currently abroad. These include some 2,800 in New Caledonia, 3,500 in Djibouti, 3,300 in Central and West Africa apart from Chad, 3,300 in Mayotte and Réunion, and 4,500-5000 in Polynesia.

French military planning now also provides for the possible deployment of a "Rapid Action Force" overseas which will total some 47,000 men. The major task of this force, however, is intervention in Europe, for which it will have a strong helicopter capability.

THE LEX COLUMN

Rising sun behind Fort Dunlop

Dunlop's decision effectively to withdraw from the European tyre business is as sad an admission of defeat as any in Britain's recent industrial history. Yet, from the group's vantage point, it must be the sensible – and very possibly the only – way to stay in a business of any kind. The European tyre debacle has long threatened the viability of the whole company.

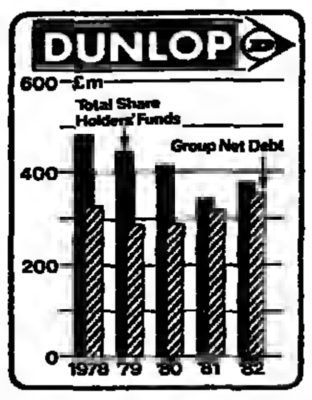
But, while the deal with Sumitomo looks right strategically, it is not in itself any guarantee of a future for Dunlop. As to be expected, the Japanese company has taken what suited it and has not paid over the odds even for that.

For its £82m, Sumitomo will receive the pick of Dunlop's European tyre factories, including the highly efficient Washington, North-East England, plant, licences and technology and, in effect, 40 per cent of its own shares. Dunlop is understandably coy about breaking down this figure but, on the basis of market values, the share package might be worth around £30m, the intangible assets perhaps £10m, and the bricks and mortar the balance of around £40m. After providing for some capital gains tax liability and reorganisation costs before the sale, Dunlop will take a write-off of £25m to reserves.

The December balance sheet will not be a pretty sight. After a £28m attributable loss in the first half and with extraordinary costs on the closure of Cork still to come, it would be surprising if the retained loss looked much different from the previous year's £83m.

There will naturally be a significant reduction in year-end debt. Capital spending has been pared back to equate roughly with the depreciation charge this year, some working capital should be released and the group will have received the first tranche of the Sumitomo payment. Having provided in full for the cost of the write-off, Dunlop may also take credit for the second £41m, due at the beginning of 1985. One remaining area of uncertainty is how the group treats the sale of half its 51 per cent interest in Dunlop Malaysian Industries. There is still no sign of the £55m, now long overdue. No matter how the figures are arranged, however, net debt looks set to exceed group shareholders' funds.

Yet the heaviest write-offs may emerge after the Sumitomo flag has been hoisted above Fort Dunlop. The businesses being sold accounted for only £3m out of a £14m six-month operating loss in European tyres. France represented most of



the rest with the car tyre plant at Fort Dunlop also in the red. These assets must by now be heavily written-down but Dunlop would probably be satisfied if it could withdraw completely, which is the obvious intention, at a cost to reserves of under £50m.

All the damage is taking place within ordinary shareholders' funds which, once all these exercises are completed, may total only about half total shareholders' funds. Almost all the debt, however, relates to the wholly-owned subsidiaries so, even at last night's depressed price of 57p, net asset valuations have to be viewed with care.

If Dunlop can finally extricate itself from the mud, there is opportunity enough for the bold. Ex-tyres, the UK business alone could make £40m a year pre-tax. Whether or not Dunlop enjoys the fruits of its labours is another matter. If all goes well, it will be an ideal candidate for a takeover and break-up, particularly for someone who can use UK tax losses which by now must amount to a couple of hundred million pounds.

Rowntree Mackintosh

Future results from Rowntree Mackintosh are scheduled to show a dramatic change in its group profile, with UK profits falling from almost 70 per cent of the total in 1982 to hardly more than a third, perhaps, next year. Since the impact of this strategy in 1983 is falling very largely in the second half, an air of the betwixt and between hangs over yesterday's interim results. But Rowntree Mackintosh has certainly not fallen between two stools: pre-tax profits up from £13.7m to £16.1m at least confirm earlier indications that it is building on a domestic base as secure as any can be in the competitive UK confectionery market.

Turnover here has fallen in line with a declining market in sugar products but has comfortably outpaced the market on the chocolate front, with key brand performances from Aero bars and Kit Kat, to produce a slight advance in overall market share. Margins have been held against the odds, so UK trading profits have risen by close to 10 per cent in line with total UK confectionery turnover even before taking account of a first time contribution of nearly £1m from Rileys Potato Crisps.

Its strong cash flow should enable the group to complete its £50-55m capital spending for 1983 without pushing the year-end net borrowings over 40 per cent of shareholders' funds despite the addition of £135m of new debt for its two recent North American acquisitions. Now Rowntree Mackintosh is looking for as much as a £3m boost from these new subsidiaries in the current half, alongside a group sales volume gain of about 5 per cent, for pre-tax profits of £80m or so by year end.

Vickers

After a fair amount of tinkering under the bonnet, Vickers is still a long way from anybody's idea of the smoothly running corporate machine. In the half year to June, sputtering results even from the five businesses which constitute the "core" of Vickers (and presumably from unmentionable activities on the periphery as well) saw pre-tax profits slide by a quarter to £7.5m.

Things are going somewhat better at Howson-Algraphy, where new production lines have overcome their teething troubles of 1982, and a hefty price cut on Rolls-Royce cars has got U.S. sales moving at the 100 units a week which were needed to pull stocks into line.

Although deliveries from the defence and marine businesses will pick up in the present half, there is no lift in the capital goods activities, and there are worsening results from the Australian company – up for sale – and South Africa.

Nevertheless, Vickers' dividend should be safe enough at last year's 8p – a 10.1 per cent yield at yesterday's 116p – though with profits of perhaps £22m for the full year, cover is likely to be less than generous; the prospect of windfalls from human rights litigation in the European Court and from disposals may be more consoling than the trading outlook.

Wometco in $1bn buyout

By Paul Taylor in New York

WOMETCO Enterprises, the entertainment, cable TV and soft-drink bottling company, has agreed to a $842m bid by a group of investors led by Kohlberg Kravis Roberts and Co, the leveraged buyout specialists. The total package is worth more than $1bn.

Under the terms of the agreement the investment group will pay $48.50 a share for the 18.1m Wometco shares outstanding and assume Wometco's outstanding long-term debt of around $170m.

Wometco has been the subject of repeated speculation about its future since the company's founder, Mr Mitchell Wolfson, died in January. The company confirmed yesterday that it had held talks with "a number of possible purchasers" but concluded that the price and the structure of the Kohlberg bid was the most favourable.

The details of the acquisition are particularly complex. Under the terms of the agreement it will be achieved through the merger of Wometco and a new private company to be formed by Kohlberg Kravis which will include a number of private investors and in which some of the existing Wometco management will have a minority stake.

Kohlberg Kravis said the deal will be structured as a leverage buyout but added that the new company will acquire all the financing for the acquisition on an unsecured basis.

Wometco said yesterday that one of the particular attractions of the deal is that the management of the company and its 7,500 employees are expected to be retained.

The Miami-based company has interests in cable television, television broadcasting, subscription television, Coca-Cola bottling, automatic vending and entertainment. Last year it had revenues of $493.4m and earnings of $26m.

Kohlberg Kravis is a privately owned banking firm formed in 1976 that has specialised in leveraged buyouts – which usually involve using the assets of the company to be acquired as collateral for funds raised to complete the acquisition.

The proposed transaction is subject to a number of conditions, including the approval of the Federal Communications Commission (FCC) for the transfer of television station operating licences to the new company.

UK warns of retaliation unless U.S. outlaws unitary taxation

BY STEWART FLEMING IN WASHINGTON

A TOP-LEVEL British business delegation warned yesterday that the UK Government might take "retaliatory measures" if the U.S. failed to abolish the unitary taxation system under which some U.S. states are taxing foreign multinational companies on part of their overseas earnings.

The delegation, which includes Mr Patrick Sheehey, the chairman of BAT Industries, Sir Jasper Hollom, the former deputy governor of the Bank of England, and Mr Roger Moate, Conservative MP for Faversham, yesterday met Mr Donald Regan, the U.S. Treasury Secretary, to press their case. Mr Moate said he expects the issue to be on the agenda when President Ronald Reagan meets Mrs Margaret Thatcher in Washington next week.

The delegation has arrived in some haste in the U.S. following signs that the Reagan Administration is giving lower priority to plans to back legislation which would outlaw unitary taxation as it affects offshore earnings.

Last week, the President referred back to the cabinet council a proposal which recommended that the Administration back the legislation and support a re-hearing of the Supreme Court's decision. That decision has been interpreted as supporting the unitary tax system as it affects not only domestic but also offshore corporate income.

Mr Sheehey, who heads the company which has spearheaded the campaign, said that he has not given up hope of Administration backing. But close observers in Washington suggest that Mr Reagan's action reflects his reluctance to get into a fight about an issue affecting the State's taxing powers ahead of an election. Moreover the President's home state of California is one of the major beneficiaries of under the current system.

Mr Sheehey and Mr Moate both warned yesterday that the UK Parliament could retaliate in the next Finance Bill through steps to modify the UK/U.S. double taxation treaty, which gives particularly favourable tax treatment to U.S. companies in the UK.

● Christian Tyler adds from London: The UK businessmen's Washington protest was reinforced by a delegation to the U.S. embassy in London.

Sir Terence Beckett, director general of the CBI, the British employers federation, said that if unitary taxation spread through the U.S. states and was copied by other countries' governments, multinational companies would face "an intolerable and costly administrative burden on management."

According to the CBI afterwards, Mr John J. Louis, the U.S. ambassador, was told by the delegation that one state legislator in Florida had likened unitary taxation to finding money on the streets.

The U.S. ambassador agreed to convey the delegation's concern to Washington.

More than 60 UK companies were now affected by the taxation method in 13 states, the CBI said. Opposition to the system is international: the main protests have come from Britain, the Netherlands, Japan and Canada.

Colombia loan delayed by legal hitch

By Peter Montagnon in London

COMPLETION of the $225m loan recently arranged for Colombia by a syndicate of 21 banks has been delayed because of a legal hitch that has deeply embarrassed Chemical Bank, the loan's coordinator.

The loan was due to be signed amid a blaze of publicity in London on Tuesday, but last night Chemical said in a statement that it was still waiting for some signatures following the emergence of a "legal question of a highly technical nature."

Sr Edgar Gutierrez, Colombia's Minister of Finance, and a majority of the participant banks had signed the loan documents but the legal question had forced a few participants to check back with their head offices, Chemical said.

Chemical, which said it drew the attention of lenders to the legal question at the signing ceremony on Tuesday, declined to discuss it in detail yesterday.

More Belgian unions accept peace formula

BY PAUL CHEESERIGHT IN BRUSSELS

THE BELGIAN Government made a bitter attack on the Socialist trade unions in the public sector yesterday, apparently trying to isolate them. The attacks came as the major trade union groupings discussed whether to end the two-week-old public sector strike.

Socialist trade union leaders were not prepared to support an agreement reached on Wednesday evening, only to put it to their members.

The Liberal trade union grouping has formally accepted the settlement. Yesterday evening the Christian Democrats also accepted and called off their strike from midnight last night.

The Socialist union leaders meet today but early indications from branches around the country suggested a swell of opinion against the settlement terms.

In a newspaper interview, Mr Jean Gol, the acting Prime Minister in the Christian Democrat-Liberal coalition, accused the Socialist public sector union of wanting to turn the dispute into a political strike. He called for a popular reaction against it.

The union leaders' failure to defend the agreement reached with the Government was either a sign of weakness or showed a desire to make impossible normal relations between the Government, as the public sector employer, and the union, said Mr Charles-Ferdinand Nothomb, the Minister of the Interior.

Most government services were at a halt yesterday although scattered transport services were available.

The strike sprang from concern about government plans to change pension and payment terms in a effort to save BFr 8.3bn ($154.4m) on the 1984 budget. Wednesday's settlement, however, leaves the pensions and bonus payments systems for the public sector intact.

Bethlehem Steel issue to raise $100m

By Terry Dodsworth in New York

BETHLEHEM STEEL, the second largest steel company in the U.S., which has run up heavy losses over the last 18 months, is planning to raise external finance for the second time this year through the issue of convertible preferred stock.

According to proposals filed with the Securities and Exchange Commission yesterday, the company is aiming to generate about $100m through the issue of 4m convertible shares at $25 each. Dividend policy on the stock has not been announced, but Bethlehem raised $125m in March through a convertible issue which carries a $5 dividend on every $50m unit of stock.

Bethlehem said yesterday that the proceeds of the issue will be used to fund capital spending requirements and other general corporate purposes.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	24	75	Dubrovnik	S	23	73	Malaga	S	29	84	Salzburg	C	19	66
Akrotiri	S	26	79	Faro	S	25	77	Malta	F	27	81	Seoul	S	29	84
Algiers	S	29	84	Florence	F	25	77	Manila	C	28	82	Singapore	C	31	88
Amsterdam	S	16	61	Frankfurt	S	18	64	Miami	C	31	88	Stockholm	R	12	54
Athens	F	25	77	Funchal	F	23	73	Milan	S	24	75	Strasbourg	C	19	66
Bahrain	S	25	95	Geneva	S	25	77	Moscow	S	22	72	Sydney	S	21	70
Bangkok	C	32	90	Gibraltar	—	—	—	Munich	F	19	66	Taipei	S	31	88
Barcelona	S	25	77	Guernsey	S	16	61	Nairobi	F	24	75	Tangier	S	32	91
Beirut	S	28	82	Helsinki	C	14	57	Naples	S	25	77	Tehran	—	—	—
Belgrade	C	24	75	H Kong	S	32	90	New Delhi	S	35	95	Tel Aviv	S	28	82
Berlin	C	15	59	Innsbruck	S	23	73	New York	C	27	81	Tenerife	S	27	81
Biarritz	S	24	75	Inverness	F	13	55	Nice	S	25	77	Tokyo	R	28	82
Blackpool	F	14	57	Istanbul	F	21	70	Oporto	—	—	—	Toronto	C	12	54
Bordeaux	S	22	72	Jersey	S	16	61	Oslo	S	13	55	Tunis	S	29	84
Brussels	S	15	59	Jo'burg	R	27	81	Paris	C	17	63	Valencia	F	28	82
Budapest	F	20	68	Las Palmas	S	25	77	Prague	—	—	—	Venice	S	24	75
B Aires	S	21	70	Lima	C	21	70	Reykjavik	S	8	43	Vienna	S	24	75
Cairo	S	30	86	Lisbon	S	26	79	Rio de J'o	C	21	70	Warsaw	C	22	72
Cape Town	H	14	57	Locarno	S	22	72	Rome	S	26	79	Zurich	S	16	64
Caracas	C	28	82	London	S	17	63								
Casablanca	S	23	73	Los Angeles	C	30	86								
Copenhagen	C	13	55	Luxembourg	F	15	59								
Corfu	S	26	79	Madrid	S	30	86								
Dublin	F	13	55	Majorca	S	29	84								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

French jets attack Druze

Continued from Page 1

will ultimately bear fruit, reports from Damascus suggest that resumed peace negotiations involving Mr Robert McFarlane, the U.S. special envoy, have not gone well.

Meanwhile, in Washington, the House of Representatives foreign affairs committee defeated challenges from dissident Democrats yesterday and overwhelmingly approved a compromise plan to keep U.S. marines in Lebanon for another 18 months.

The vote sends the measure to the full house,

Dunlop jobs to go

Continued from Page 1

Sir Campbell added: "Of course we were reluctant to let go part of the historical core of Dunlop, but we came to the inevitable and, I think, wise conclusion that radical measures were necessary to stop the loss haemorrhage.

"We believe Sumitomo is determined to make a success of the operation it is buying, but it is under no illusion about the competitive nature of the European tyre market and the extent of its task."

The deal should be settled by the end of this year and phased over the next 15 months.

Apart from much of its tyre business, Dunlop will also sell its 40 per cent shareholding in Sumitomo Rubber. The Japanese company will arrange to find buyers for the shares.

Of the total consideration of £82m, Dunlop will receive about £41m later this year and the rest by January 1985. Sumitomo will also buy Dunlop's tyre inventories, which should release about £30m of cash.

Book value of the assets and shares Dunlop is selling is £94m, so there will be a net extraordinary charge, including asset write-offs and additional rationalisation costs, of about £25m.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, A.V. Hare, R.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: David Boggis, Frankfurt/Main.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday September 23 1983

Pennzoil clears way for $4bn oil and gas 'war chest'

BY PAUL TAYLOR IN NEW YORK

PENNZOIL, the Houstoo-based energy and mining company, said yesterday that it had formed a new $500m joint venture oil and gas production company with a group of private investors in order to acquire producing oil and gas properties – either from individuals or in corporate form.

The innovative deal will effectively enable Pennzoil to leverage its own capital to make major acquisitions. Together with the new company, Proven Properties Inc (PPI), Pennzoil will have a $4bn cash "war chest" to buy new energy properties.

Mr Hugh Liedtke, Pennzoil chairman, said yesterday that PPI should be able to finance acquisitions "in the range of $1.5bn." He added that Pennzoil itself had a recently renewed $2.5bn production line of credit which together "should total enough to enable the new company to compete effectively in making these acquisitions."

The company, which has recently been widely rumoured to be on the acquisition trail, added that its board and management "feel that major opportunities exist to purchase producing properties now and in the future on reasonable terms."

Pennzoil, which was founded in 1953 by Hugh and William Liedtke and Mr George Bush, the U.S. vice president, has assets of over $3.2bn. Last year the company had net income of $129m on sales of $2.27bn.

The company, explaining the move to set up the joint venture, in which it will have a 49 per cent stake, said this will enable it to participate in major business opportunities without "over-extending Pennzoil's structure" or reducing its exploration and development activities.

Under the terms of the agreement with the unnamed private investors – primarily insurance companies and pension funds but with a few individuals – they will control the remaining 51 per cent stake in the new company. The company's assets will initially consist of about 12.1m shares in Pennzoil preference common stock, paying an annual fixed dividend of $2.52 a share. PPI has paid $281.5m in cash – the contribution from the private investors – for 6.2m shares, with the remainder making up Pennzoil's 49 per cent interest in the joint venture.

Pennzoil will operate the new company under a management contract with PPI.

Trilogy aims for 10% market share

BY DAVID MARSH IN PARIS

TRILOGY Systems, the newly formed California-based computer company which aims to challenge world leader IBM in the high-performance computer market, hopes to capture 10 per cent of this fast-growing sector by the time it makes its first shipments in 1986.

This was stated yesterday in Paris by Dr Gene Amdahl, Trilogy's founder and chairman, who with his previous company, Amdahl Corporation, has already built up an impressive record of competition with IBM.

Dr Amdahl is in Europe partly to help promote to European banks and investors Trilogy's forthcoming U.S. stock offering planned for next month. In an underwriting managed by Merrill Lynch, Trilogy will be offering to the public around 6m shares, or 12–15 per cent of its stock, expected to raise about $100m.

This is in addition to the $240m of capital already arranged from all sources to back Trilogy, Dr Amdahl said.

Trilogy also includes among its shareholders three internationally active computer companies trying to make inroads into IBM's world dominance. They are Digital Equipment, which holds about 9 or 10 per cent, Sperry with 15 per cent and the French national computer group, Bull, with 9 per cent.

The three companies have all signed licence agreements to use Trilogy's technology, which is centred on a revolutionary way of interconnecting computer circuits based on one very large chip.

Dr Amdahl, who had a successful career designing large-scale systems at IBM before founding Amdahl Corporation in 1970, said the market for very large computers with performances of over 25m instructions per second would total around $10bn in 1986.

Trilogy aimed to take about 10 per cent of this market with shipments of around 170 to 180 computers in 1986 (each priced at about $5m) out of estimated total orders of 2,000, Dr Amdahl said.

He expected Trilogy's machines would offer more than twice the performance of the highest-powered computers being marketed by IBM in 1986. He also saw benefits from licensing agreements with other manufacturers.

"We expect most manufacturers of high-performance electronic equipment will find it advantageous to acquire technology from us. There will be no alternative available in the market-place," Dr Amdahl said, adding that Trilogy expected to keep its technological dominance in very large systems until some time in the 1990s.

New twist in Holmes à Court's BHP bid

By Michael Thompson-Noel in Sydney

MR ROBERT Holmes à Court, the Perth tycoon, played another card yesterday in his offer for shares in Broken Hill Proprietary (BHP), Australia's biggest company.

He said that Bell Group, his master company, would pay A$40.01m ($35.6m) for the assets of Wigmores, a recently acquired Bell Group subsidiary, through which Mr Holmes à Court launched an audacious share-swap offer for BHP.

BHP directors have firmly rejected Mr Holmes à Court's overtures, claiming the offer is a capital raising "device" using BHP shares as its medium.

Wigmores' main asset is the Caterpillar earth-moving equipment franchise in Western Australia.

The revised offer for BHP, unveiled this week, is two Wigmores shares, plus A$1 cash, plus a free option to subscribe for one Wigmores share at A$6 before next October 31, for each BHP share.

Bell's A$40.01m offer for Wigmores' assets puts a value of about A$6.20 on each Wigmores share, and thus a theoretical value on the BHP bid of A$13.40 per BHP share, plus the option.

At one stage yesterday, BHP's share price slipped back to A$12. Mr Holmes à Court has therefore, more than caught up with recent gains in the BHP share price, and restored credibility to his manoeuvring, which initially generated little but scepticism.

At one stage this year, BHP shares were trading at A$6.10.

Weaker third quarter for Chrysler

THIRD-QUARTER earnings at Chrysler, the third biggest U.S. motor manufacturer, would be the weakest of the year, Mr Lee Iacocca, Chairman, told Reuter in Detroit.

In the first half of the year Chrysler earned a record $482.4m or $4.72 a share on sales of $6.67bn. However, third-quarter earnings will only be "adequate."

Mr Iacocca said the fall in earnings would be caused by plant closures to enable changeover to assembly of 1984 models of vans and sports cars. However, this investment would pay off handsomely in the fourth quarter, which would be "a barn burner."

Payments of quarterly dividends to common stockholders – the last was in the 1979 second quarter – were not likely this year, he said. "Hopefully it will occur in 1984 but I wouldn't want to commit to that."

Last week Chrysler said it would resume payment of dividends, including arrears, to preferred stockholders by December.

Hughes Tool sees recovery

By Our Financial Staff

HUGHES TOOL, the world's leading producer of oil and gas drilling bits, is likely to return to profitability in the fourth quarter followed by a "real pick-up in 1985," according to Mr James R Lesch, chairman.

However, the third quarter is expected to show a loss following the half-year slide from a $112.8m net profit to a $22.4m loss.

Price increases will help the recovery. Hughes' rock bit plant at Houston is producing half the level needed to meet current sales as stock are cut.

Last year the group was hit by the steep fall in U.S. drilling activity and net profits ploughed from $255.2m to $147.6m.

WEST GERMAN BANK ENTERS WIDER ARENA WITH FRESH CONFIDENCE

NordLB finally lays the ghost of Rollei

BY JOHN DAVIES IN FRANKFURT

NORDDEUTSCHE Landesbank (NordLB) long haunted by the Rollei camera company debacle, has found an exorcist in the youthful form of Dr Bernd Thiemann.

Since be became chief executive two years ago at the age of 38, the West German publicly-owned bank has paid off, ahead of time, the remainder of the DM 250m ($93.8m) state aid which it received to help cover its Rollei losses.

He is now taking the bank – its image polished and confidence restored – into a wider international arena by preparing to set up an operation in London, long after many other German banks have become active there.

London will be tapped as a source of dollar funds, supplementing the bank's present international activities spearheaded from its Hanover headquarters and its Luxembourg subsidiary.

Dr Thiemann, who is the youngest chief executive at West Germany's 11 Landesbanks and one of the youngest top bankers in Europe, presides over an institution whose assets at June 30 were put at DM 56.2bn. It is 60 per cent owned by the Government of Lower Saxony and 40 per cent by regional savings banks.

NordLB now claims to have moved ahead of the Hessische Landesbank to third position among the Landesbanks in terms of assets following a merger operation in Bremen which gave it a 75 per cent stake in a new credit institute.

Dr Thiemann took over the top job a few months after NordLB had rid itself of its stake in Rollei, but with the wounds from the lengthy and increasingly desperate rescue operation still fresh.

Rollei, based at Brunswick, in Lower Saxony, found that it could not defend its traditional camera business in the face of Japanese competition. Even an attempt to move most production to Singapore to benefit from lower wage costs failed to salvage the enterprise.

NordLB found itself eventually with almost all the share ownership and liability, until it turned over its stake in 1981 to Herr H. Porst, head of a Nuremberg photographic chain. After his efforts foundered, Rollei was re-started on a more modest basis and brought under the auspices of United Scientific Holdings, of the UK.

NordLB's own problems grew as it incurred mounting losses in its attempt to support Rollei and save workers' jobs.

The bank's total losses on Rollei have been reported unofficially at more than DM 700m – a figure never denied by the bank. As a result, the state Government of Lower Saxony stepped in to help NordLB with aid of DM 250m in 1974.

Earlier this year, however, Dr Thiemann announced that the bank had decided to pay back the outstanding DM 170m, even though repayments were not due to be completed until the end of 1985. To make the repayments, the bank not only took advantage of an increase in profits in 1982 – a benefit enjoyed in line with other West German banks – but also mobilised reserves, including those from an associated home mortgage bank.

By ending the state aid liability, NordLB has paved the way for efforts to strengthen its capital base and reserves. Dr Thiemann's action also drew a line firmly under the Rollei involvement in preparation for the bank's fresh activities.

While Rollei was a millstone around its neck, NordLB has also had other problem areas in common with other German banks – including AEG, where it lost between DM 200m and DM 250m.

Another headache has been the bank's stake in Allgemeine Deutsche Creditanstalt AG (Adca), an old bank revived after the Second World War. Adca has been languishing in recent years in spite of attempts to put it on a sounder footing.

Earlier this year, NordLB took over an 8 per cent Adca stake from Wells Fargo of the U.S., and re-acquired Bank of Montreal's 25.5 per cent stake.

With a total holding of 84 per cent, NordLB is in the process of restructuring Adca and unwinding its own involvement – with some Adca branches going to a regional bank and negotiations underway with Rabobank, of the Netherlands, to take over other business.

Dr Thiemann said that NordLB

Dr Bernd Thiemann: chief executive

was heavily preoccupied in recent years with its "old burdens" and there was no question at that time of taking a new step overseas.

Now it was part of the bank's strategy to open a representative office in London on October 1 and to lay the groundwork for a branch office to open by about the beginning of 1985, he said. The London branch would be an important source of liquidity

Although the era of fast growth in Luxembourg was gone, the bank would remain there, Dr Thiemann said. NordLB's Louxembourg operation had a balance sheet total of DM 4.9bn at the end of last year.

NordLB is a major bond issuer on the West German domestic capital market. The amount of bonds outstanding at the end of last year was DM 27.5bn.

Along with other German banks, it is taking a cautious approach to business, aiming at profitability rather than growth.

Although NordLB has involvements in Eastern Europe and Latin America, it describes itself as in the medium category of Landesbanks in terms of international loan exposure. International activities make up about 8 per cent of the bank's balance sheet total and about 10 per cent of its earnings.

Dr Thiemann, who rose in the savings bank structure in Lower Saxony before switching to NordLB, said that although operating profits had improved considerably, the bank was determined to maintain a strong provision for risks.

Asked when the bank is likely to resume a dividend payment to its public owners, he musters the force of argument sharpened during his earlier training as a junior barrister.

If the bank's owners should raise such a question before the end of 1985, he would point to the repayment of state aid ahead of the agreed schedule and the need for a capital increase to boost its financial strength.

AT&T to cut long distance charges

By Our New York Correspondent

AMERICAN Telephone and Telegraph (AT&T), the U.S. telecommunications company, is planning to cut its long-distance tariffs by between 10 and 15 per cent at the beginning of next year to coincide with the divestment of the Bell operating companies.

The proposals are a direct result of the dismemberment of the Bell system into eight parts, of which seven will run regional telephone services. Under the present organisation, local telephone networks are subsidised by long-distance charges. This subsidisation will disappear in favour of a more market-orientated tariff structure once the reorganisation takes place.

AT&T said that the decision to slash rates would cost it around $1.75bn a year in revenue and that its ability to achieve the reduction would depend upon no changes or delays in implementing the Federal Communicatino Commission's access charge order – relating to the charges which are to be levied on the transfer of calls from local to long-distance services.

The Bell operating companies are expected to file tariffs for access charges by the end of this month, and AT&T stressed that its own planned long-distance reductions depended upon these proposed rates being authorised.

AT&T will be under heavy competitive pressure from expanding long-distance carriers, such as MCI, to bring down its rates once it is operating as a separate unit. But there has been considerable criticism in Congress over the projected rise in local tariffs, on the grounds that telephones are a valuable social service.

Any attempt to hold down these charges for political reasons could well rebound on AT&T, since the local companies might want to raise additional revenue by increasing the access charges to the long-distance supplier.

Avco earnings ahead

BY OUR FINANCIAL STAFF

IMPROVEMENTS in three out of its four main divisions helped the diversified Connecticut-based group Avco to continue its profits upturn in the three months to August.

Net profits for the quarter were up from $22.02m to $28.31m, or from 92 cents to $1.18 a share, taking the nine-month total to $76.56m against $63.23m, or $3.17 against $2.82 a share.

Significant gains in financial services, propulsion systems and aerospace technology more than offset a fall in operating profit in management services.

Third-quarter sales were up 17 per cent, taking the nine-month total to $2.01bn, against $1.78bn.

Swire Properties up

BY ROBERT COTTRELL IN HONG KONG

SWIRE Properties, the main quoted subsidiary of the Hong Kong-based Swire Pacific group, has reported a 19 per cent rise in profits for the first half of 1983.

Net profits of HK$210.2m (U.S.$25.6m) compare with earnings of HK$176.9m reported for the first half of 1982 and HK$318m for 1982 as a whole.

An interim dividend of 16 cents is declared, maintaining last year's payout, and Swire Properties forecasts a final dividend at least equal to last year's 32 cents.

Mr Duncan Bluck, company chairman, said profits were helped by sustained demand for apartments in Swire's Taikoo Shing development

Altech continues to grow

By Our Johannesburg Correspondent

ALLIED TECHNOLOGIES (Altech) the broadly-based South African electronics company continued to grow strongly in the six months to August 31, 1983.

Sales rose to R172m ($155.4m) from R147m in the corresponding period of 1982, while the first-half pre-tax profit increased to R34.4m from R27.2m. Sales were R296m in the financial year to February 28, 1983, while pre-tax profit was R54.5m.

Mr Bill Venter, the chief executive, said that the first-half advance was almost entirely the result of internal growth by investment in new product areas and import substitution. He says that this provides further growth opportunities and he expects higher levels of activity throughout the company during the current half year.

In the first six months a R35m facility for making advanced telephone exchanges was opened

ANI has strong year despite weak economy

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIAN National Industries (ANI), whose interests include heavy engineering, forging and car retailing, achieved a 15.8 per cent boost in net trading profit for the year to June 30, to A$34.1m ($30.3m), on turnover that was 43 per cent higher at A$1bn.

A further increase in profit was expected in 1983-84, said Mr John Laird, managing director, though he could "not see any recovery at hand in the Australian economy," and said ANI's improved profits would be at the expense of its competitors.

Final dividend is a steady 9 cents a share for a total of 15.3 cents (previously 15 cents).

● The State Bank of New South Wales said yesterday that net profit in the year to June 30 was 6 per cent *higher at a record A$24m* (U.S.$21.4m). That was before an abnormal item, arising from a change in accounting procedure, which lowered the net profit by A$9.5m. It said the adjustment would be a one-off charge.

Mr Nicholas Whitlam, the bank's managing director, said that in the second half of 1982-83, "anticipated management expenses were substantially reduced, fees and commissions grew rapidly, and management of the bank's net interest *income improved*."

The State Bank's share of trading bank deposits in NSW at June 30 was 17.9 per cent (17.3 per cent previously).

Arco plans to sell polyethylene unit

ATLANTIC RICHFIELD, the seventh largest U.S. oil company, plans to sell its polyethylene business, part of its Arco Chemicals division, to National Distillers and Chemicals, a major producer of low density polyethylene, writes our New York Staff.

Atlantic Richfield and National Distillers said they have signed a letter of intent covering the sale of Arco Chemicals' polyethylene business, including its Port Arthur plant in Texas.

Terms of the agreement, due to be finalised by November 15, were not disclosed. However, Arco Chemicals said if the deal goes through it *would represent its withdrawal* from the polyethylene business. Arco ended production of low density polyethylene at the Port Arthur plant last year.

Setback at General Instrument

By Our New York Staff

A SLOWDOWN in the U.S. cable television industry has had a sharp impact on the results of General Instrument, a major supplier of hardware and micro-electronic components to the companies providing cable links.

Second quarter earnings were more than two thirds down from a year earlier at $8.04m, or 26 cents a share, against $26.56m or 87 cents a share.

For the half-year net income stood at $23.34m, or 75 cents, against $53.97m or $1.77 a share. Sales contracted from $509.32m to $433.35m.

The company also announced a joint venture with GEC of the UK to develop and market advanced cable and video conference system in Europe.

A UK-based company, to be called GEC-Jerrold, is to be formed through the Jerrold International division of General Instrument and GEC's McMichael subsidiary.

Multi-Purpose buys control of Hong Kong shipping line

BY WONG SULONG IN KUALA LUMPUR

MULTI-PURPOSE Holdings, the fast-expanding Malaysian Chinese investment conglomerate, is taking majority control of a Hong Kong shipping company and at the same time injecting it into a public-listed vehicle.

MPH, which paid $12m for a 25 per cent stake in Promptship Holdings last April, said yesterday it was increasing its stake to 75 per cent.

The new stake is being bought from Mr Chien Kiang for an undisclosed amount. Mr Chien still holds the remaining 25 per cent in Promptship, which owns 30 ships totalling 1m tonnes.

MPH announced it would be *transferring Promptship* into New Star Development, a company listed on two of Hong Kong's four stock exchanges. Last July, Stranson, a subsidiary of MPH, bought 75 per cent of New Star from its Hong Kong owners.

MPH said the total 100 per cent of Promptship would be injected into New Star for $36m to be satisfied by a cash payment of $9m and an issue of 26.46m New Star shares.

The enlarged New Star group would later come under Multi-Purpose International Trading Corporation (MITC), which is being hived-off from the MPH-owned, Singapore-based trading company, Guthrie Berhad.

MPH said it intends to develop MITC into a major trading group, and New Star would be expanded so that it could be a major shipping line servicing the Pacific Basin countries.

MPH, which is one of the top 10 Malaysian public companies, is at present involved in plantations, property development, banking and finance, and trading.

SE Banken reports steep rise in earnings

By David Brown in Stockholm

SKANDINAVISKA Enskilda Banken, Sweden's largest commercial bank, reported a steep rise in pre-tax earnings for the eight months ending August, despite higher credit loss provisions.

Profits after currency losses and risk provisions climbed 51 per cent to SKr 1.2bn ($152m). Net interest, equity trading and other income rose 31 per cent to SKr 2.7bn.

The rise was attributed partly to higher volume as well as better margins, which have grown to 2.3 per cent from 2.06 per cent for the eight months last year.

On the consolidated account, group results were up 45 per cent to SKr 1.4bn.

Provisions for credit losses rose 53 per cent to SKr 193m, already above the SKr 189m registered for all of 1982.

Losses on bond transactions fell 30 per cent to SKr 59m. The figures have been compensated for changes in accounting principles adopted last year at the recommendation of the Swedish Bank Inspectorate.

The bank expects the rate of growth to be maintained through the year, allowing it to set aside funds to strengthen its capital base.

Early this month, the bank also announced it will strengthen its position in the London-based Scandinavian Bank, increasing its stake from 37 to 45.7 per cent following withdrawal of the consortiums' two Danish shareholders.

In August, it strengthened its equity links with Volvo, Scandinavia's largest corporation, by an indirect share purchase bringing its voting rights in through various closely associated companies to about 20 per cent.

Oerlikon sees loss and may pass dividend

By Our Financial Staff

OERLIKON-BUEHRLE, the Swiss group whose profits have collapsed dramatically in recent years, is heading for a loss this year and may not be able to pay a dividend.

The company, whose activities range from armaments to hotels and footwear, told shareholders yesterday that it would make a loss for 1983, and that as a result distribution of a dividend would call for careful consideration.

Last year Oerlikon reported net profits of SwFr 9.5m ($4.4m) and paid a dividend of 5 per cent. Just three years previously, profits after tax had been running at SwFr 244m, from which shareholders received a dividend of 15 per cent.

Earlier this year, the company said that its Bally shoe operations were running below target, and that major capacity cuts in armaments would be needed. Significantly, it pointed out that it would no longer take weapons development costs against its balance sheet.

Over the years 1981 and 1982, development spending of SwFr 175m had been taken against the group balance sheet in order to avoid embarrassing the profit and loss account.

Profits rise by 10% at Swiss Reinsurance

By Our Financial Staff

SWISS Reinsurance has managed to increase profit for 1982 by almost a tenth despite poor underwriting experience, notably on technical insurance business.

Net profits for last year emerge at SwFr 87.5m ($40m), compared to SwFr 80.2m in 1981. The company, one of Switzerland's major financial companies, is to maintain its dividends.

Swiss Reinsurance said the rise in profit was due to an increase in investment income. Premium volume last year rose by 5.4 per cent.

Losses of the technical insurance business were much larger in 1982 than in 1981, the company said. Restraint was again observed in writing new reinsurance contracts.

Gross dividends are unchanged at SwFr 105 per Bearer and Registered share and SwFr 21 per Participation Certificate.

Ford expands Berlin plant

By Kenneth Gooding, Motor Industry Correspondent

FORD is to spend DM 71m ($32m) to expand its plastics components plant in Berlin, creating 200 jobs.

The plant makes instrument panels, radiator parts and other products for cars and the Ford Transit van. It came on stream only last year. Ford's total investment, following the expansion, will be DM 227m.

Brazilian reinsurer fights Finnish court action

BY JOHN MOORE, CITY CORRESPONDENT

A FINNISH insurance company is attempting to wind up the Instituto de Resseguros do Brasil, the Brazilian state-owned reinsurance institute, in London. But the Brazilians are contesting the action in the UK courts.

Through the chancery division of the High Court, Keskinainen Vahinkovakuutushyhtio Kansa, the Finnish group, has said in a petition that the IRB "should be wound up" under the provisions of UK companies legislation.

At the centre of the dispute is an amount of £62,913.84 which the Finnish company alleges the IRB has refused to pay.

The IRB has taken legal advice from leading counsel, which has told it that the petition issued in respect of the disputed debt "is an abuse of process." Through its London solicitors this week, the IRB said that an application will be made at the hearing "to have the petition dismissed with costs."

The petition, which was issued at the end of August, is to be heard in November.

The IRB said that it "does not intend to let the matter affect its existing commitment to pay all valid claims presented."

INTERNATIONAL APPOINTMENTS

Moves at Bank of Scotland

● Mr George Mitchell, a manager of the BANK OF SCOTLAND'S Hong Kong branch has become vice-president and manager of the New York branch. He is joined there by Mr James Grant, an assistant manager of international division, head office, who has also been appointed a vice-president at New York. Mr David Hunter, currently vice-president at New York, has been appointed vice-president of the bank's new Chicago office. Mr Howard Tindall, an executive assistant at the bank's oil and energy department, is going to the bank's Houston office as a vice-president. Mr John Drummond, an assistant vice-president of the bank of Scotland's Houston office, returns to Scotland on October 1 as a manager of the international division's operations department in Glasgow.

● SCIENTIFIC-ATLANTA INC, Atlanta, Georgia, has promoted Mr Julian W. Edison to vice-president and controller of the company. He joined the company in 1973 and has served as controller since 1978.

● Mr Richard D. Tunick has been elected a senior vice-president of NATIONAL BANK OF NORTH AMERICA. He is head of the corporate finance division. He joined the bank's corporate finance department in 1973. National Bank of North America is an affiliate of National Westminster Bank.

● Mr Barry J. Mason has been elected chairman and chief executive officer of REPUBLIC-BANK LAS COLINAS in Irving. He replaces Mr George Evans who resigned to become president and chief executive officer of Colortyme Inc, in Albany, Texas. Mr Evans will remain on the bank's board of directors. Mr Don Hammond, who has been president and chief executive officer of RepublicBank Las Colinas, assumes the new title of president and chief operating officer.

● Mr William W. Scranton, former governor of Pennsylvania and former ambassador to the United Nations, has been elected to the board of H. J. HEINZ COMPANY. Elected with Mr Scranton was Mr Karl von der Heyden, recently named senior vice-president finance. Mr Scranton serves on the boards of seven other companies.

TECHNOLOGY

EDITED BY ALAN CANE

NEW REPORT GIVES ENCOURAGEMENT TO INDUSTRY

Growth seen for computing services

BY ALAN CANE

THE UK computing services industry has seen strong growth in the past year and expects more of the same. At the same time its shape is changing rapidly as the impact of the microcomputer feeds through.

These are the chief conclusions to be drawn from the annual report of the Computing Services Association, the trade association representing almost 200 of Britain's leading computing services companies, published this week.

Almost 90 per cent of companies selling software products—computer programs in packages—said business had increased in the past year and the same per centage said it believed business would continue to grow in the coming year.

A similar pattern is shown for bespoke software, education, turnkey systems and consultancy.

Only bureau operations—computer processing services for companies which have no computer of their own or insufficient capacity—is showing a turn down with 43 per cent of companies seeing zero growth or a decrease in growth in business in the past year and 65 per cent expecting no improvement in the future.

92 per cent of companies responding to the CSA's survey on which the report saw growth in areas other than the traditional bureau/software/consultancy mix.

Selling computer hardware—generally as microcomputers—is perhaps the single most important new area of business for many UK services companies.

A major change in the CSA's activities this year has been a move—driven by the growth of microcomputer business—to encourage smaller companies to participate in CSA activities — traditionally reserved for the UK's largest and most secure services companies.

Dr Douglas Eyeions, CSA director-general, notes in the report: "Our industry is still not mature. The larger and older-established companies account for the bulk of the revenue, but even the largest computing services companies in the world do not have more than a 5 per cent share of the market."

"The CSA, with around 200 member companies is sometimes wrongly regarded as representing only the large firms in the industry . . . the extremely rapid growth in the number of new companies, particularly at the microcomputer end of the market, presents a challenge to the CSA if it is to remain truly representative of the software and services industry."

"There are literally thousands of these small companies and most of them are not qualified to participate as full members of the CSA as it is presently structured."

"The new grade of associate member, however, enables such companies to be associated with the CSA and take part in our activities."

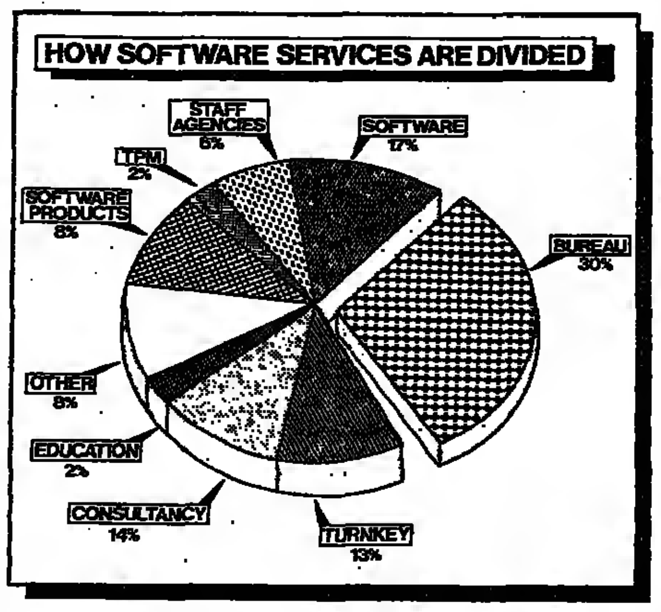
Other highlights of the years included

● An extra £15m was made available for the government Software Products Scheme.

● In the first six months after the introduction of a general licence for value added network services, 33 companies took out licences.

● Some £390,000 was procured in training grants for the computing services industry by the voluntary industry training council, Cosit.

Only 42 per cent of the CSA members which responded to the survey were truly independent. Scarcely any UK computing service company with between 100 and 200 employees remains independent. Only one of the 17 large companies responding to the survey was not part of a group.



Pie chart showing the spread of revenue by computing service activity in 1982. TPM is third party maintenance.

COMPUTER SECURITY SYSTEMS

How banks plan to beat today's computer criminals

BY RAYMOND SNODDY

WHEN Dr David Everett is designing encryption and authentication systems for the security of financial data he has a clear image in his mind. It is of a sophisticated computer criminal equipped with a Cray, one of the fastest mainframe computers in the world, and unlimited resources trying to undo his work.

He does not know whether such a figure is more than a figment of his imagination but he is certain of one thing: "If we can crack our own systems we throw them out."

Everett's company, Open Computer Security is at work on a whole range of devices to protect the electronic transfer of funds from fraud, the creation of digital signatures to accompany documents and to prevent computer software piracy.

In offices, ostentatiously lacking a nameplate in an old brewery in the streets behind Brighton's Palace pier, the small company designed and manufactured the authentication equipment at the heart of CHAPS, the Clearing Houses Automated Payment Scheme, due to go live in February. CHAPS will replace the physical carrying of large cheques round the City of London by messengers.

When the system is running around £20bn a day could be on the move electronically between different clearing banks, the clearers and the Bank of England.

Mr Eric Simmonds, leader of the CHAPS project, is adamant that it would not have gone ahead if all the banks involved had not been completely satisfied about the security of their settlement messages. The concern for security has resulted in both encryption and authentication of messages.

CHAPS uses the U.S. Data Encryption Standard (DES) as its basic scrambling device and the session key, which is changed daily, is held in a tamper - resistant module designed by Open Computers.

The module fits into the authentication unit attached to the Tandem gateways in each of the clearing banks. The key itself is a series of random numbers produced by electronic noise and no-one, neither the users nor Open Computer staff need know what it is.

"It is very difficult for the human brain to come up with truly random numbers," says Everett, who started life as a laboratory technician before moving on to take an electronics degree and doctorate at Southampton University.

Many of the details of the CHAPS authentication scheme cannot be revealed, including an ingenious and rather beautiful way of identifying each bank's module to prevent substitution. But the authentication unit is designed to detect and reject any message which has been interfered with.

David Everett first became interested in codes and complex numerical puzzles when he was director of computing at the Medical Research Council and was doing work on DNA. The computer system there was up and running, the challenge insufficient, he says. So he decided to tackle the problems of encryption and set up Open Computer Security about five years ago. The company is owned by Everett, Vince Gallo, technical director and Geoff Scoble financial director. It has a staff of 20 and a turnover which should top £1m this year.

The CHAPS contract has been the company's most prestigious contract so far.

But Everett is most interested in applying to business and commerce, what he regards as the most important encrypting discovery this century—public key cryptography.

The method relies on each party having both a public cryptographic key and a secret key. Any party can send a message to another by scrambling the mesage with the public key of the recipient. But only the recipient, Dr Everett explains, can unscramble the mesage with the matching secret key.

The security of such a scheme is practically unbreakable. "It would take a billion years or more on the largest computers to achieve a solution," he claims.

Use of the concept to produce digital signatures, Dr Everett believes could have prevented the recent £780,000 Kruggerand fraud in the City of London. Thieves apparently intercepted a telephone call from a solicitor or bank manager to "authenticate" forged drafts and the gold coins were then delivered to a bogus company.

"I could have prevented that fraud for £750," says Everett who immediately began offering banks demonstrations of his digital signature device when he read of the fraud. But it is still an uphill struggle, he admits, to convince some companies to spend more money on the security of data.

One large company sent Open Computing its plastic data protection key complete with microchip to see whether they could "crack" it. Vince Gallo laughs, holds up the X-ray he took to identify the chip, and says he sent them a complete print out of their security system the same day.

"Last year I wondered if we were five years too early," says David Everett. "Now the whole atmosphere has changed and I'm more optimistic." The Kruegerrand fraud and the case with which microcomputer children have been getting in to major mainframe systems is providing a boost to the data security market.

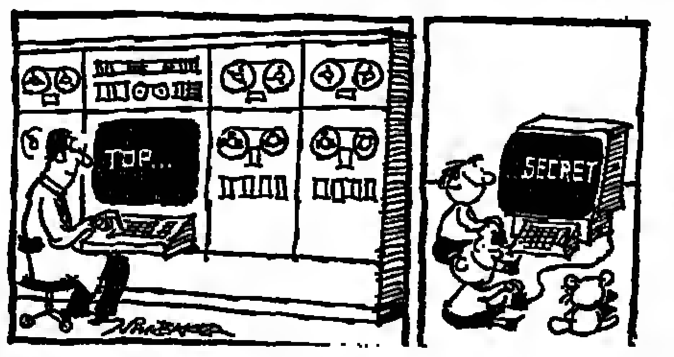
Everett believes his biggest market could be products to prevent the piracy of computer software. Such piracy, according to some estimates could be as high as $100m a year in the U.S. Open Computers is in the process of sending out demonstration models of its new anti-piracy device, Padlock, to major software houses. It is a scrambling and unscrambling device housed in a tamper resistant module which is attached to a computer.

The software always goes to the user in scrambled form and cannot be used without the special attachment which also executes the program in real time. The scrambling is done using the DES algorithm and the key is protected using public/secret key concepts.

Mr Donald Davies, a data protection specialist at the National Physical Laboratory, believes Padlock could be a significant development. He has thought for some time that only a device attached to a computer which can run encrypted software will give complete security against copying.

For Open Computer Security the problem is to persuade software houses to place themselves at an initial competitive disadvantage by either buying themselves or making users buy a device that will cost around £250.

Talks are under way with a U.S. company for a joint venture and Everett is reconciled to selling about 25 per rent of the equity to raise the £500,000 he needs for further development.



SATELLITES

Direct broadcast Sat-Tel receivers

QUICK OFF the mark with direct broadcast satellite television receiver add-ons—in spite of the fact that there are no generally available programmes yet—is a small Northampton company called Space Communications (Sat-Tel).

This company can supply the outdoor down converter which takes the super high frequencies (SHF) at 12 GHz from the satellite and provides signals at lower frequencies (1,000 MHz) that can be sent over coaxial cable to the indoor installation. There, they are processed in a second box of electronics to yield signals for connection to TV receivers.

Through an associated company Radio Masts a suitable "dish on the lawn" can be supplied.

At present only the OTS (orbital test satellite) is transmitting television (for experimental purposes) and the signals are encrypted to prevent unauthorised use. From January 1984 however, ECSI (European Communications Satellite) will replace OTS and will be transmitting five hours of English speaking material nightly. Not all of the transmissions will be encrypted.

In the middle 80s says the company, will come the use of direct broadcast satellites which use very high power and allow the use of a small dish antenna to feed homes and cable systems direct. More on 0604 499617.

HOLOGRAPHY

Call for greater efforts by UK makers

BRITISH companies have been accused of failing to follow up the UK's pioneering work in holography. Mr Peter Woodd, managing director of Light Fantastic, a company which specialises in holographic art, has warned that Britain could well lose its lead in the field.

Mr Woodd said that Light Fantastic has to make nearly all its capital purchases abroad. It buys lasers from the U.S., emulsions from Belgium, optics from Westerman, Switzerland and the U.S. and other equipment from the Netherlands.

"Commercial production of holographic equipment must be encouraged in this country if we are not to fall into the classic British situation—technological innovation without commercial return while the American and Japanese snap up know-how and profits," Mr Woodd said.

Later this month Light Fantastic will be looking for UK maufacturers to supply holographic equipment at the "Can You Make It?" import substitution show to take place in London at the London West Hotel.

It will be among 63 exhibitors at the exhibition, displaying many imported products and inviting UK companies to see if they can offer competitive alternatives.

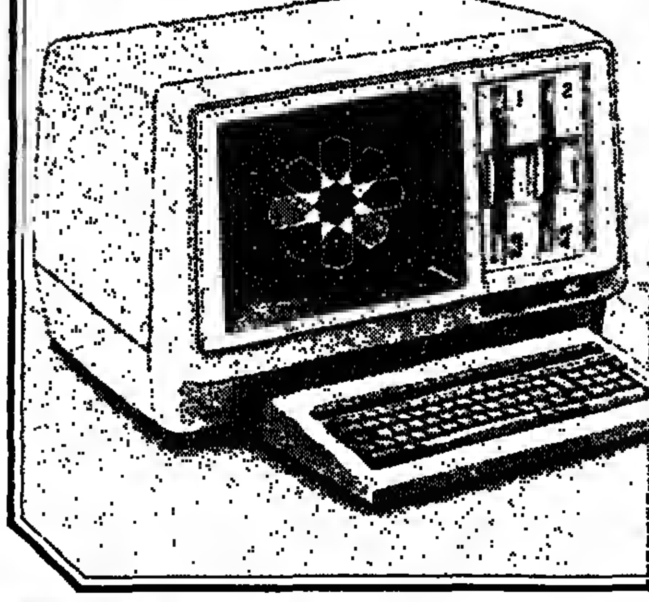
Mr Woodd said: "We want to buy British but we cannot find suitable suppliers. Firms seem unwilling to move into this sector of the new technology market, and financial backers shy off from investing in holography simply because it is so new."

ELAINE WILLIAMS

Computers

Plexus signs up with Philips

PLEXUS COMPUTERS, a 16 bit and 32 bit microcomputer manufacturer, has just signed a three year OEM agreement with Philips Information Systems worth US$40m. Plexus will supply its range of supermicrocomputers to Philips as shared resource and network processors for office automation products.



UK COMPANY NEWS

Vickers falls to £7.5m as patchy trading continues

A FALL in profits and a reduced interim dividend are reported by Vickers, the Rolls-Royce car, defence and marine engineering group, for the first six months of 1983.

At the pre-tax level the surplus amounted to £7.5m, against a previous £10.2m, although the directors say this is a reflection of the disparity between first- and second-half results. The dividend is cut from 4.55p to 3p —last year's final distribution was 3.46p and the taxable surplus was £19.6m.

Sales for the half year fell also to £292.2m (£318.6m).

In February the directors said they could not report a clear recovery in demand, although changes in exchange rates had made the company more competitive.

They now say that trading continues patchy across all of the group's activities. Car sales in both the U.S. and the UK were slow during the first quarter of the year but since April there has been a marked improvement in the U.S., which is being maintained.

Except in the defence and marine engineering businesses, there has been no sign of a pick-up for capital goods and consequently results in some of the other businesses have been depressed.

Directors add that in the defence and marine sectors, deliveries on certain major contracts increase significantly in the second half.

Vickers' overseas companies in Australia and South Africa are also suffering from the recessions in their territories, which have deepened during the year, directors point out.

They add, however, that there has been a good performance at Howson-Algraphy where new production lines have shown improvement during the year so far.

Trading profits amounted to £15.4m, against £20.3m, and there were redundancy costs, although lower at £0.9m (£2.4m). Net interest payable, less investment income, was £7.1m (£8m), and the pre-tax figure included associate companies share of £0.1m, compared with £0.3m.

Tax was halved at £2m (£4.1m) and after minority interests, £0.5m (£0.3m), extraordinary debits, £1.6m (£2.1m) and preference payments £0.2m (same), the attributable balance came through just behind at £3.2m, against £3.5m.

Earnings per share are given as 5.2p, compared with 7p.

See Lex

HIGHLIGHTS

DUNLOP HAS extricated itself, in part at least, from its European tyre manufacturing operations. The damage done to Dunlop's already strained finances will be grave but strategically the move must be right. Lex comments and then goes on to look at the latest figures from **Rowntree Mackintosh** which has more than held its own in another six months of stiff competition. Trading profits are up 10 per cent on the eve of its first major contribution from its overseas expansion. Finally Lex considers the **Vickers'** half year results which prove to be another disappointing set of figures. The company hopes to do better, in the meantime the management is examining ways of selling off surplus properties and assets.

Haden profits slightly lower at halfway

Profit growth at Haden has halted, with a slight fall in the first half taxable surplus from £3.05m to £3.01m. Turnover for the period to June 30 1983 fell to £123.3m against £129.1m.

The directors of this company engaged in building services and metal finishing, say that competition in most of its markets has further intensified, with a consequent pressure on margins.

They point out that there is no present sign of any significant reversal of this situation.

The industrial finishing and mechanical handling companies were shorter of work than originally foreseen. This was due, say the directors, to a slow down in capital investment during the period, particularly by the automobile industry.

The specialist engineering units have also suffered from lower volume, they add.

However, in the UK the company's mainstream building, industrial and process engineering operations performed well.

The interim dividend is unchanged at 2.25p per 25p share. After tax of £1.3m against £1.29m net profits were £1.71m compared with £1.76m.

Last year the company made taxable profits of £8.62m on turnover of £282.55m, and a final dividend of 6.375p was paid.

Newarthill little changed

ON A current cost basis pre-tax profits of construction, property and investment, and aircraft chartering concern, Newarthill were little changed at £10.72m for the six months ended April 30 1983, compared with £10.54m, and directors say the full-year result should be similar to the £15.5m for the whole of last year.

Figures for the six months are made up of £10.43m (£9.48m) of trading activities, and £289,000 (£1.07m) exempt and associate companies share.

Tax charge was £5.42m, compared with £5.45m, and after much higher extraordinary credits of £1.8m (£388,000), the attributable balance came through ahead from £5.48m to £7.11m. Earnings per £1 share are shown as 30.9p, against 29.9p.

The extraordinary items represent the net surplus on the realisation of investments after provisions for reduction in value of interests in associate companies.

On an historical basis pre-tax figure is given as £12.03m (£12.28m) and earnings per share 38.8p (40.3p).

James Walker cuts losses

A RETURN to profits in the second half enabled James Walker Goldsmith and Silversmith to cut its pre-tax deficit for the year to April 30 1983 from £1.96m to £0.11m.

At the interim stage pre-tax losses were £0.81m compared with £0.36m.

Mr A. W. Metherell, chairman, says that reorganisation and rationalisation undertaken is already bringing about far reaching benefits.

He says that the branch closure programme is nearly complete.

The fall in group turnover for the year from £27.33m to £24.75m mainly reflects the sales lost from the closed branches, he says.

At the trading level there was a £1.78m turnround to the black with profits of £1.11m, but depreciation of £0.67m (£0.68m) and interest of £0.56m (£0.61m) kept the company in the red at the pre-tax level.

In view of the considerable progress made, a final dividend of 1p (nil) is declared, making a total of 1.5p (1p) net per 25p share.

After a tax credit for the year of £10,000 (£0.8m) and an extraordinary credit £0.75m (debit £1.87m) there was an attributable profit of £0.65m (loss £3.03m).

Rowntree Mackintosh rises 18% to £16.1m

FOLLOWING A 19 per cent rise in sales from £303.9m to £362.3m, taxable profits of Rowntree Mackintosh advanced by 18 per cent to £16.1m, compared with £13.7m, in the first 24 weeks to June 19 1983.

Mr Kenneth Dixon, chairman of this confectionery and grocery products manufacturer, says the increase in turnover reflects a gain in volume in all the group's UK operations, in exports from the UK and in Canada and France. In the face of strong competitive pressures trading margins were generally maintained, he states, with trading profits emerging at £17.5m (£15.2m).

Earnings per 50p share are given higher at 8.2p (6.9p) and the interim dividend is being raised from 2.9p to 3.2p net. For 1982 a total distribution of 8.8p was paid from pre-tax profits of £50.5m and earnings per share of 24.5p.

Looking ahead, Mr Dixon says the directors are confident that despite the prolonged hot weather, which has affected confectionery sales in the UK and Europe, the full year's results will show continued growth in the group's earnings.

The directors are continuing to pursue major cost reduction and capital expenditure programmes directed towards improving efficiency, and rationalisation plans costing £4m were announced during the half year which will be charged as an extraordinary item in the annual accounts.

The beneficial effect of recent North American acquisitions—Laura Secord in Canada and Tom's Foods in the U.S.—will not be felt until the second half, but experience to date indicates that the directors expectations will be fulfilled, Mr Dixon says.

Pre-tax profits were struck after interest costs of £1.4m (£1.5m), while tax took £4.5m (£4.3m), leaving net profits of £11.6m (£9.4m).

See Lex

Garner Booth rights to raise £1.5m

TANNER AND leather manufacturer Garner Booth is to raise about £1.5m by way of an underwritten rights issue at 83p a share. The basis of the issue is one new ordinary share for every four held and 85 new ordinary for every £400 nominal of convertible stock.

The group does not accompany the issue with a profits forecast, but says that its factories are busy and trading conditions are favourable. It expects that the final dividend for the year to January 31 will be not less than 4.65p (4.25p) on the enlarged share capital.

The proceeds of the rights will initially be used to reduce short-term bank borrowings which are currently at a seasonal peak. The board said yesterday that the group's current level of borrowings, which have arisen from its strategy of acquisitions and increased trading, should be reduced to provide greater flexibility.

For the same reason £2m of the company's short-term bank facilities was converted last month into a five-year term loan.

Dealings in the new ordinary shares are expected to begin on September 26.

Atlantic Computers

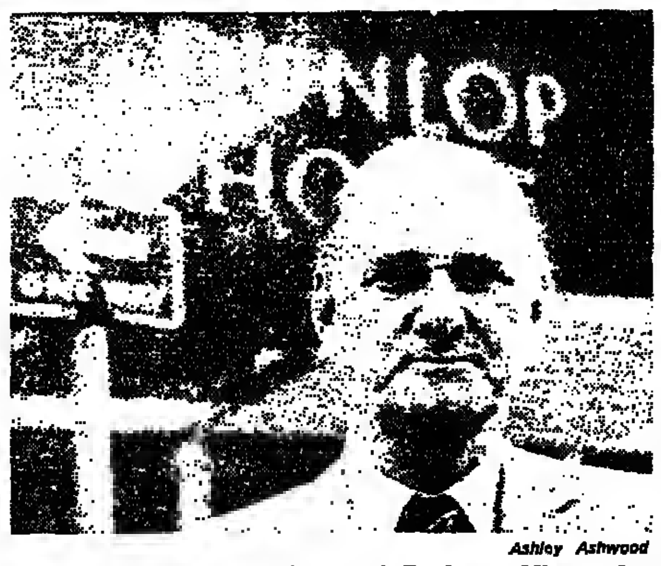
Atlantic Computers is applying to the Stock Exchange for a full listing. The company, which supplies computer systems, is heading for a market price tag of over £40m.

Atlantic's adviser, N. M. Rothschild, is to offer for sale by tender 6m ordinary shares at a minimum price of 170p each. That represents 25 per cent of the equity, which in total would be capitalised at £40.8m at the minimum price.

In 1982 Atlantic made pre-tax profits of £2.54m on turnover of £33.69m and will make a forecast of not less than £3.1m pre-tax for the current year.

No money is to be raised for the company by the issue, which consists solely of shares sold by existing holders, including Mr Ian Skipper and Mr Leonard Jagger, formerly of UEL. Last year they provided £8m of financing for Atlantic in exchange for 60 per cent of the equity.

However, Mr John Foulston, Atlantic's chairman, said yesterday: "The decision to go public was mine." The prospectus will be published in Monday's FT, and the application list will open on September 29. Brokers to the issue are Sheppards and Chase.



Ashley Ashwood

Sir Campbell Fraser, chairman of Dunlop Holdings, after yesterday's press conference announcing a profit for the first half of 1983 and the acquisition of certain assets by Sumitomo Rubber Industries of Japan (see page 23)

Adwest advances to £6.8m and lifts final dividend

A RISE in full year taxable profits from £5.97m to £6.84m was achieved by the Adwest Group, engineer, despite a fall in turnover to £67.43m, against £70.13m.

The final dividend is increased by 0.85p to 7p lifting the year's net total to 9.1p compared with 8.25p. The directors are also proposing a one-for-two scrip issue.

The taxable surplus included higher interest receivable of £111,000 (£70,000) and associate companies profit of £1.07m (£970,000).

The 1982 results, after tax and extraordinary items, have been adjusted by £273,000 in order to correct an understatement of losses from a French subsidiary. This subsidiary incurred losses of £560,000 in 1983.

Attributable profits for the year moved ahead to £4.44m, against £3.83m, after tax of £2.31m (£2.07m), and minorities of £92,000 (£70,000). Following an extraordinary credit this time of £250,000 (debit £397,000) and after dividend payments retained balance was £2.83m (£1.74m).

Earnings per 25p share for the 12 months are shown as rising from 18.7p to 21.6p.

● **comment**

Adwest did not meet market expectations and the shares fell 6p to 232p yesterday. The steady improvement in pre-tax profits was admirable but not enough to distinguish Adwest from the bulk of the engineering sector. Volume is improving in the automotive division which makes up 55 per cent of turnover but pressure on margins is still intense. Electrical and engineering divisions both turned in results "a little better" than last year. Property profits from rents and construction on the Woodley industrial site produced between £1.5m and £2m profits, much as expected. France has been a disappointment, taking longer to turn round than expected. Though losses will be reduced in the current year 1984-85 is now the target. Meanwhile Adwest has some £6m cash following the sale of SMC which it might use to acquire a new business, probably outside the automotive sector. Until it does, the shares are unlikely to yield much more than the present 5.7 per cent. Recal sold its full 9.6 per cent stake in Adwest in June.

Whatman Reeve

For the first six months of 1983 taxable profits of Whatman Reeve Angel, laboratory supplies manufacturer, increased from £1.25m to £1.65m and the directors are lifting the interim dividend by 0.5p to 2.7p.

Group turnover expanded 17 per cent to £11.22m (£9.6m).

Attributable profits came out £778,000 (£646,000), after tax £869,000 (£601,000), giving earnings per share of 17.9p, compared with 16.1p.

For the whole of 1982 taxable profits were £2.52m (£1.9m) and the dividend totalled 6p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Adwest Group	7	Nov 18	6.15	9.1	8.25
Astbury & Madeley int	1.38	Nov 30	1.25	—	5
Charterhall	0.3	Jan 10	0.3	0.3	0.3
Dunlop int	Nil	—	2	—	2
General Investors int	1.5	Nov 1	1.25	—	3.65
Haden int	2.25	Nov 23	2.25	—	8.63
Thomas Marshall int	Nil	—	1.2	—	1.2
Memec int	1.21	Nov 18	1.1	—	3.3
John Menzies int	2	Jan 6	1.6	—	5
Minet Holdings int	2.73	Nov 18	2.45	—§	4.55
Wm Morrison int	0.5	—	0.45	—	1.6
A. & J. Mucklow	2.4	Jan 5	2.25	4.5	4.25
NMW Computers int	2.5	Nov 7	—	—	4
Park Place Inv	3.25	—	3.25	5.25	5
Rowntree int	3.2	Jan 3	2.9	—	8.8
Sandhurst Mktg int	0.56	—	0.43*	—	1.32*
Steetley int	4	—	4	—	7
Vickers int	3	Jan 3	4.55	—	8
James Walker	1	—	Nil	1.5	1
Whatman Reeve int	2.7	—	2.2	—	6
George Wills int	2.5	Oct 14	2.5	—	8

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Total of 5.11p forecast.

Ray Maughan looks at Steetley's profit recovery to £8.66m midway

Rather more than a mouthful to swallow

It will be the early part of November before the Monopolies and Mergers Commission has finished with Hepworth Ceramic's earlier £118m offer for Steetley, now lapsed of course, and its conclusions could spend a further month under deliberation by Mr Cecil Parkinson, the Secretary of State for Trade and Industry.

Each participant has, however, had a chance to show shareholders just how well the first half of calendar 1983 has gone. Hepworth, as known, has pushed profits up to £15m, after two recessionary years in the region of some £12m before tax.

Yesterday, Steetley, the unwilling partner in the proposed merger, had an opportunity to show its paces. Interim pre-tax profits advanced from a depressed £5.44m to £8.66m which, as far as brokers' research goes, appears to fall firmly within the parameters of outside estimates.

The point of overlap is the interest each group holds in the strategically important refractories sector, an important supplier to the steel industry, which takes about half its overall output, but also producing for the cement business and other industries which may manufacture under conditions of extreme heat.

Refractories is a generic name for an exceptionally diverse industry. Furthermore Steetley is arguing that within a sector which plainly needs the heavy hand of rationalisation to bring capacity into line with likely demand, it has already done the job.

Stripping out seven plants within the last three years, and shedding over 600 jobs along the way, Steetley says that its refractories will remain in profits supplying the specialist, higher margin end of the market.

It is unfortunate that the refractories industry provides so little information about itself. The sector's own association has figures which neither protagonist, perhaps naturally, will square with the other's findings. Government statistics seem to some way out of date and, again, appear to be based on different interpretations of what each sub-sector comprises. The Commission itself, is understood to have found refractories a substantially more complex affair than an initial examination of steel plant linings may have suggested.

But, on Steetley's estimates, the two companies meet head on in magnesia and dolomite-based refractory bricks where their combined market shares in the UK probably account for some 70 per cent of all production.

Against that, Steetley says it has perhaps no more than 10 per cent of the market for low margin fireclay bricks and claims that its adversary may have up to 75 per cent of that sector. Steetley also claims, perhaps contentiously, that Hepworth is achieving no more than 40 per cent utilisation in this area.

Whatever the case, Steetley's refractory products have been consistently profitable over the years although, in 1982, they were returning no more than 6 per cent on the £25m capital invested in the division. This year, the target is for a 10 per cent return and management is confident that it will make 15 per cent on capital employed over the longer term.

Refractories probably account for some £70m of Steetley's £200m UK turnover annually but, however much the Monopolies Commission turns the microscope onto this section of Steetley's total operations, it is clear that both bidder and biddee have substantially better growth prospects elsewhere, all of which appear to fall quite outside the reference.

Steetley has achieved earnings of 7.72p per share in the first half which already exceeds the full total for 1982 when, on depressed pre-tax profits of £9.35m, earnings were just 7.41p. The defence is plainly holding back a good deal in reserve against any renewed bid since the interim distribution is held at just 4p per share which should provide plenty of scope for improving last year's full payment of 7p per share.

The shares dropped 4p yesterday to 218p which remains way ahead of the value of Hepworth's lapsed offer of 176p. Hepworth continues an active interest which will plainly be reactivated given clearance from the Commission.

But the feeling persists that Steetley has recovered to become rather more than a mouthful for Hepworth and the resilience of the Steetley share price may also have something to do with the understanding that the regrouping of British aggregates interests among the major players may not be quite over.

Dunlop in profit but omits interim

COMPARED with losses of £7m for the whole of 1982, Dunlop Holdings, tyre, engineering, industrial group, came back into the black for the six months ended June 30 1983 with £2m pre-tax, although this was £3m lower than the first half of 1982. Sales climbed by £53m to £828m.

Trading was slightly better than in the latter half of 1982, the directors state, but recovery is still fragile and there are as yet no solid grounds for expecting any further improvement in the second half of the current year.

Tax charge for the six months was £15m, compared with £17m, and the loss attributable emerged at £22m, against £19m, or 15.4p (13.2p) per 50p share.

The directors explain that in the light of the halfway results, the prospects for the remainder of the year and the necessity for further "heavy rationalisation costs," they are unable to declare an interim dividend (3p) —last year's final was also omitted.

Directors state that following discussions in anticipation of the expiry of the technical aid agreement at the end of August 1984, a new agreement has been reached whereby Sumitomo Rubber Industries, of Japan, which has had a relationship with Dunlop for 20 years, will acquire the undertaking and business of Dunlop in the manufacture and supply of tyres in the greater part of Europe. Total consideration receivable by Dunlop amounts to about £82m, of which £41m will be paid later this year and the balance by January 2 1986.

Sumitomo will take over various businesses on a phased basis over a period of 18 months to the end of 1984, and thereafter will continue to trade using existing Dunlop trademarks and patents applicable to tyres in western Europe, excluding aero tyres.

In the UK the loss in the tyre business was more than in the first half of 1982, but was nevertheless an improvement on the second half. The engineering side increased profits and consumer businesses were returned to profit. Sports and industrial profits were lower than last time.

The German subsidiary's profits were again increased. Substantial losses were again incurred in France, and the European selling companies were also in loss.

The U.S. subsidiary increased its profits for the third year running while profits in the Far East were maintained.

Taken together profits of the African subsidiaries were lower mainly.

Sumitomo, which is the successor of Dunlop Rubber Company (Japan) and built Japan's first rubber manufacturing plant in 1909, will acquire the following:

● Dunlop's tyre factories at Washington, Co Durham, and Wittlich in West Germany; and a truck tyre retread factory in the UK;

● the tyre manufacturing facilities within the factory at Hanau in West Germany;

● the tyre technical and mould engineering activities and the truck and bus tyre manufacturing facility at Fort Dunlop, Birmingham;

● the tyre depots, selling and distribution facilities in the UK and West Germany, but excluding the wholesale and retail tyre distribution businesses in those countries;

● the Dunlop tyre selling companies in Austria, Belgium, Denmark, Greece, Holland, Italy, Norway, Sweden and Switzerland.

The French operations, which include tyre factories at Montlucon and Amiens, do not form part of the agreement, the directors point out.

Dunlop will continue to run National Tyre Service in the UK and Holert Korz, the wholesale and retail tyre distribution chain in West Germany, but during 1985 Dunlop and Sumitomo will decide on what terms these businesses will be acquired by Sumitomo.

On July 1 1984, when the tyre technical activities at Fort Dunlop are transferred to Sumitomo, a new technical aid and licensing agreement will be effected whereby Sumitomo will provide tyre design, manufacturing technology and technical assistance to Dunlop for use by Dunlop companies, its associates and licensees round the world.

A separate agreement will be negotiated whereby Dunlop will continue to provide technology and technical assistance to Sumitomo on aircraft tyres and on e of non-tyre products.

Following signature of the contract, Dunlop will sell its holding of shares in Sumitomo, presently 40 per cent of the issued equity, to such buyers as Sumitomo may nominate. In addition, for certain products, Dunlop will sell an exclusive licence for the use of the Dunlop brand and associated trade marks and names in Japan, Taiwan and Korea.

Mutual offtake of tyres between the two companies under their respective trade marks will be developed in respect of other countries.

Dunlop will be selling assets and shares with a book value of £94m and this will result in a net extraordinary charge, including asset write-offs and additional rationalisation costs of approximately £25m.

The future of the UK car tyre operations at Fort Dunlop is under review and Dunlop's tyre business in France is also under active consideration, directors say. "It is clear that there will be further substantial asset write-offs and rationalisation costs to come."

See Lex.

Acquisitions give added boost to Menzies profit

WITH ALL divisions making higher contributions first-half pre-tax profits of John Menzies, the wholesale and retail newsagent, bookseller and stationer, rose by £1.2m to £2.45m and the net interim dividend is being increased by 0.4p to 2p per 25p share.

The major factor was the inclusion of six months' profits from last year's acquisitions. The interim report reveals that the profits of the acquisitions are more evenly spread through the financial year than those of the group's traditional activities with consequent benefit to the cash flow.

Second-half profits will not show as large a percentage increase since last year's equivalent period also included the profits of the acquisitions.

The directors say profits for the second six months are dependent on the Christmas trading season in the group's retail division. However, High Street trading has made a good start to the year and given a reasonable Christmas, they say the results should "show an improvement."

Wholesale profits depend on continuity of supply from publishing houses where disputes so far this year have been running at a higher level than in the previous year.

Turnover for the first six months, to July 31 1983, improved sharply from £179.83m to £208.24m.

Pre-tax results were struck after taking account of net interest charges of £0.84m, compared with £0.91m previously.

Tax took £0.6m (£0.15m) and minorities £0.03m (£0.02m). Earnings emerged at 6.2p (3.5p) per share.

Group pre-tax profits for 1982/1983 totalled £10.5m (£9.4m) and a final dividend of 3.4p was paid.

● comment

Last year's acquisitions which brought together Londale and Collier Macmillan within the Menzies fold has given a slight nudge to the usual seasonal split. Its newly formed library services business is geared towards the interim period and probably accounted for half the profits gain reported yesterday. The retail operations have clearly had a good run. Retail inflation was running around 5 per cent and Menzies added another 5 points of volume growth on top of that. Micro-computer departments in its larger stores have made quite an impact and the margins are good too—at least so far. Wholesaling on the other hand has been a dog. Volume is static, industrial disputes amongst its suppliers are running 50 per cent up on last year and, perhaps worst of all, price inflation is minimal while costs are relentlessly pushing ahead. Wholesaling profits managed to inch ahead during the first half but the current six months will probably lag behind 1982. Christmas is the great unknown at this time of year. Menzies feels confident, which probably means estimates of £12½m pre-tax are safe and the payout could be 6p a share. At 288p the p/e (assuming 38 per cent tax) is 9.3 and the yield is 3 per cent.

NMW Computers surges to £902,000 at halftime

A jump from £306,000 to £902,000 for the first half of 1983 is described as "substantial and most satisfactory" by the directors of NMW Computers. They emphasise, however, that seasonal variations in stock market activity—the company provides accounting and Talisman facilities to stockbrokers—usually results in lower profits and turnover for the second half.

In the last full year pre-tax profits came to £801,000 on turnover of £2.93m. Turnover for the half year expanded from £1.35m to £1.96m.

A net interim of 2.5p is declared—this is the first interim payment for this USM stock—last year a single payment of 4p was made.

Earnings per 25p share were shown as more than doubled from 3p to 10.6p, which includes an adjustment for a special bonus issue last November.

CAPITAL (Computer accounting package including Talisman link) continued to perform extremely well, say the directors, and many improvements have been added, including a foreign facility.

The microcomputer project has continued and is being upgraded to include the latest 16-bit technology.

At the trading level profits increased from £240,000 to £812,000, to which was added interest receivable of £90,000 (£66,000).

Tax came to £447,000 (£91,000) after which the attributable balance emerged up from £215,000 to £455,000.

Webber Electro

Acceptances have been received in respect of 279,861 (97.15 per cent) of the 287,897 shares offered by Webber Electro Components in a recent one for seven rights issue.

The balance has been sold in the market at a premium.

Sandhurst on target to exceed £1m at year end

A 55 per cent rise in pre-tax profits from £355,000 to £552,000 is reported by Sandhurst Marketing for the half year to end of July 1983. The directors say that there is no donbt that the company will exceed the £1m mark for the year.

The net interim dividend bes been effectively lifted from 0.427p to 0.555p. Earnings per 10p share are shown as rising from 2.43p to 3.33p. In the last full year a final equivalent to 0.8953p was paid.

In 1982-83 profits came to £901,000 and at the annual meeting the directors said they were looking forward to the prospect of exceeding £1m profits for the current year. Sales were 18 per cent ahead and on budget at that point.

Commenting on the half year under review they say that all companies are progressing well and Wiljon is now trading profitebly. The directors express "nothlog but confideoce for the future."

Turnover of this stationery supplier and chemical product maker expanded from £7.17m to £8.8m.

At the trading level profits increased from £553,000 to £728,000, and were subject to interest charges of £176,000 (£198,000).

Tax for the period amounled to £210,000 (£105,000).

● comment

Sandhurst Marketing seems to be going from strength to strength, extending the range of services and equipment it supplies to businesses from single source stationary lo telephones, furoiture and carpets. It plans to broaden the office equipment side by acquiring a small software house and marketing a new range of persooel professional romputers. The long planned spin off of its Spectra eutomotive and engineering subsidiary on the USM is scheduled for October. It is also in the process of taking its leasing business off the balance sheet which will improve the high gearing which stood et abont 120 per cent at the eod of the year. With turoover per head up from £38,000 lo £42,000 per annum aod the company iodicating continuing strong demand for its services, it should make £1.2m for the year pre-tax. The shares rose 5p to 95p where they sell on a prospective P/E of over 8 on an actual 36 per cent tax charge. A one-for-one scrip issue seems likely soon.

BOARD MEETINGS

The following companioo hove notified dates of beord meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Officiol indications ore not available os to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—A.C. Cars, Barker and Dobson, BL, Dinkie Heel, Hallam Group of Nottingham, Hall Engineering, Liberty, London and Scottish Marine Oil (OPS), Newman Industries, Northam Goldsmiths, S. W. Wood.

Finals:—Charles Hill of Bristol, Maynards, Milbury, Westminster and Country Properties.

FUTURE DATES

Interims:—

Clyde Petroleum	Sept. 29
Crowther (John)	Oct. 5
Eastern Produce	Sept 28
Freemans	Oct. 2
Garfunkels Restaurants	Sept. 29
Monders	Sept. 28
Marshall's Universal	Oct. 19
Tronoh Mines	Sept. 27
Wingate Property Investments	Sept. 28

Finals:—

Mills and Allen International	Sept. 28
Somportex	Oct. 4

Park Place expands to £1.28m

AN UPLIFT in pre-tax profits from £1.04m to £1.28m has beeo shown by Park Place Investments for the year to the end of June 1983. All divisions seem set to perform well in the next full year say the directors.

In particular they say the publishing division is expected to produce markedly improved results with the eddition of Wayland—acquired since the year end.

The final net dividend bas heen held at 3.25p, which with the increased interim of 2p (1.75p) raises the total from 5p to 5.25p. Earnings per 10p sbare are shown as rising from 11p to 12.6p.

A one-for-five scrip is also proposed.

Turoover of this financial training and publishing concern expanded sharply from £5.65m to £8.34m.

The training division was expanded duriog the year by the acquisition of Key Holdings and two branches of ATC in the north.

The instalment credit division bas had a very good year, say the directors.

Pre-tax profits were struck after interesl of £148,000 (£102,000). After tax of £322,000 (£293,000) profits emerged ahead from £747,000 to £958,000.

Memec up 43% and further rise seen

SHARPLY HIGHER profits were returned by Memec (Memory and Electronic Components) for the opening half of 1983 and with an improvement in the general trading outlook and ao "encouraging" order book the directors are confident of a further satisfactory increase in profits in the second six months.

With turnover 48 per ceot up at £8.03m (£5.43m) profits at the pre-tax level rose to £1.21m, an improvement of 43 per ceot over the £845,000 reported for the same period last year.

Earnings rose by 1.63p to 5.42p per 10p share and the net interim dividend is being stepped up from 1.1p lo 1.21p. A scrip issue on a one-for-one basis is also proposed.

Much of the first half improvement in both turnover and profits was due lo the more buoyant electronic components market and continued growth in the micro-computer systems and peripherals subsidiary, Thame Systems.

Margins generally remained under pressure in the period but the directors say market conditions are beginning to cause component prices to harden and margins to stabilise.

They say further progress has been made throughout the group in introducing new product lines and expanding customer base.

Pre-tax profits for the first half included losses in line with budget of £75,000 in the group's two recently formed subsidiaries, Micro Call and Kudos Electronics.

In connection with the scrip issue it is proposed to increase the group's authorised capital to £3m.

Share incentive and option schemes are also proposed for employees.

Minet at £12m and pays more

AN EXCELLENT performance across virtually the entire group was experienced by Minet Holdings during the first six months to June 30 1983.

With broking and underwriting increasing their contributioos, by 47.1 and 52.7 per ceot respectively, group pre-tax profits for the period emerged £3.64m ahead at £12.02m.

The group's investigation concerniog PCW, the Lloyd's underwriting agency, and its associate WMD underwriting agencies, is continuing. The scope of this has widened and as a result the total investigation costs, as now foreseen, are cosiderably higher than the £1.02m provided for at the end of 1982. For the six months to June extraordinary debits tolalled £1.2m (£39,000 credit).

The directors say that although the long awaited overall recovery in the worldwide insurance markets bas yet to materialise, substantial real growth has beeo achieved.

While the increase in profits cootains a currency benefit of approximately £1.2m the balance represents improved trading, they say.

The interim dividend is lifted lo 2.73p against 2.45p, and the directors intend to propose a "materially increased" final divideod—last year's final was 2.1p with pre-tax profits at £17.8m.

During the half year profits from broking improved from £5.78m to £8.5m and underwritiog profits were £1.31m higher at £3.8m. Profit from other activities fell by £60,000 to £107,000, and the overall taxable result was struck after net expeoses some £333,000 higher at £386,000.

The directors say that while it would be imprudent lo assume that growth in the secood half of the year will match tha first, they are confident that the overall result will show a very satisfactory increase over 1982.

Turnover for the first half was £35.02m, compared with £27.52m aod £55.47m for the whole of last year.

With tax up from £3.93m to £6m and minorities at £560,000, against £278,000, the attributable balance, after extraordinary items, emerged at £4.26m, compared with £4.21m. Divideod payments took £2.1m (£1.89m), leaving retained profits of £2.16m (2.33m).

Earnings per 20p share for the period rose from 5.42p to 7.01p.

● comment

Minet's search for where $53m of its Lloyd's insurance syndicates' money is located in the wake of te troubles of late last year is proving costly. The group is having to retain all manner of advisers to track down the money in Switzerland, Liechtenstein, Guernsey, Bermuda, Panama, the Isle of Man and Gibraltar. An extraordinary item of £1.2m, reflecting further investigation costs, has effectively pegged attributable profit at £4.2m, virtually unchanged from a year ago. And the investigation costs may rise further. On the trading front the unwelcome attention of The St Paul Companies of Minnesota, which holds 25.98 per cent of Minet's equity, seems to have spurred the UK company's performance. After stripping out currency factors pre-tax profits rose 29.1 per cent. The board is also intending to "materially" increase the final dividend, compared with 2.1p, which should provide an element of "bid proofing." The shares at 125p yield 5.6 per cent on a historic basis.

MINING NEWS

GFSA sees scope for dividend rise this year

BY GEORGE MILLING-STANLEY

THE GOOD NEWS for shareholders of Gold Fields of South Africa is that Mr Robin Plumbridge, chairman, sees no threat in the current year to the dividend of 500 cents (294p) paid last year.

Mr Plumbridge made the point in his latest annual statement that the group's earnings in the 12 months to June 30 1984 will be subject to the usual uncertainties, mainly over the price of gold and currency movements.

However, he added that there should be scope for a modest increase in the dividend if earnings are equal to or exceed the 1,076 cents achieved in the past year.

Many shareholders, or potential purchasers, will also welcome GFSA's proposal to subdivide each share of nominal value 25 cents into five shares of 5 cents each. This should improve the marketability of the shares, currently standing at £81½.

The decision to leave last year's dividend unchanged at 500 cents, thus increasing the level of cover, was brought about by the group's belief that there will be no significant change in the bullion price for some time yet, combined with fears as to the potentially damaging effects of the prolonged drought on power supplies to the gold mines.

While yesterday's heavy rains in many parts of South Africa will have done little to alleviate the problem, they do give grounds for some degree of optimism that this year's rainy season might be just that.

The dominant feature of the past year's operations was the higher gold price in rand terms, which Mr Plumbridge said provided welcome relief for the mines and enabled them to concentrate on the critical areas of improving operating and financial efficiencies.

GFSA has also taken the opportunity to increase the emphasis on the need to look for new business opportunities.

In the main, that means discovering new mineral deposits and developing the metallurgical processes to exploit them economically.

Mr Plumbridge has mentioned the *group's big coal reserves* in the past, and these have been added to in the past year. However, he pointed out that there are no quick solutions to the problems facing South Africa in its drive to become a major force in world coal markets.

This means that it will be some time before GFSA's coal reserves can be turned to account.

On the exploration side, the group has initiated a big programme of drilling on the Bank Break between the **Kloof** and Driefontein mines, and is also receiving encouraging results from exploration work at the platinum prospect near Amandelbult.

GFSA has also increased its interest in two operating mines, taking its stake in **Tsumeb** in Namibia to 43 per cent and in **O'okiep Copper** to 25 per cent.

Contrasts from gold mines

A PAIR OF sharply contrasting annual reports come from two South African gold mines in the *Barlow Rand* stable. The group's **Harmony** mine is predicting an increased dividend for the year to June 30 1984 subject to several conditions, while **Blyvooruitzicht** expects to make a lower payment for the same period.

Mr D. T. Watt, chairman of both operations, said of Harmony that the mine is expecting a more or less unchanged mill throughput of around 7.7m tonnes, and a gold grade similar to last year's 4.2 grammes per tonne.

This should leave gold production at around last year's rate of 32,576 kilograms, or just over 1m ounces.

Harmony, based in the Orange Free State, is expecting revenue from by-product uranium, pyrite and sulphuric acid to fall by some R4.7m (£2.8m), while unit costs are likely to be about 8 per cent above those for 1961-82.

Given an average gold price of R16,000 per kilogram, a little above last year's level, Harmony should be capable of total dividends for the current year of 260 cents a share, including the 130-cents interim declared on September 6.

This compares with the total of 235 cents paid for the last 12 months.

Blyvoor, by contrast, expects to pay a total of about 200 cents in the current year, down from 1981-82's 270 cents.

Tonnage milled is likely to be unchanged at 2.36m, but the grade is forecast to decline sharply from 6.41 grammes of gold per tonne to just under 7.3 grammes, which will reduce gold output by about 14 per cent

In addition, profit from uranium could fall by as much as half from last year's R14m.

Blyvoor, in the Far West Rand, is approaching the end of its economic life, as Mr Watt explained.

At the current rate of mining, therefore, Blyvoor's ore reserves will be exhausted by June 1991. There is a possibility of an extension, perhaps up to December 1993, but in any event the gold grade can be expected to decline steadily, so that it would be as low as perhaps 5.5 grammes per tonne by the beginning of the next decade.

Interim rise for Wm. Morrison

TAXABLE PROFITS of Bradford-based supermarket proprietor, Wm Morrison Supermarkets moved ahead from £3.66m to £4.25m for the 26 weeks ended July 30 1983 and the interim dividend is lifted to 0.5p net per share against 0.45p.

Sales expanded by £18.24m to £125.24m and after tax of £1.76m (£1.78m) net profits came through up from £1.88m to £2.49m giving a per share value of 5.39p (4.07p).

Trading profits amounted to £5.33m (£4.55m) and the pre-tax figure, which included rent received of £322,000 (£196,000), was struck after depreciation £1.37m (£947,000) and interest and investment income debit of £27,000 (£60,000 credit).

Store development is proceeding according to plan and the the new stores at Heywood, Grantham, Sheffield and Preston are all on programme. In addition, a store of 25,000 sq ft has been acquired in Wakefield and will, like the Heywood store, open during the second half of the current year.

The extension to the Keighley store was completed on time and is now trading satisfactorily, while the three Mainstop stores acquired at the beginning of the period have now been successfully modified and integrated within the group and trading results are improving.

The store at Park Avenue, Bradford, which no longer suited the company's long-term strategy, was disposed of on August 1 at a figure which shows a book profit, directors state.

● **comment**

Substantial physical expansion could transform Morrison's earnings base over the next couple of years. In just six months selling space has been expanded by 15 per cent and the three Mainstop stores bought from BAT are not yet showing anything like the returns that will satisfy Morrison management. With another two stores opening in this half year and two more planned for early 1984 the group could be heading for a profits rise of perhaps 50 per cent within two years. And that comes on top of an impressive record to date. Rapid growth cannot be achieved without some short-term cost to the p and l account. Last year's interest receivable figure of £283,000 will probably be transformed into a charge getting on for £100,000. Also it takes a couple of years for a new store to maximise its return. The only cloud in the sky is an industry wide one of margin pressures. Morrison managed to fractionally lift its gross margins during the first half but is not confident of repeating the trick during the second. Still any upswing in food price inflation could swiftly overcome that problem. Profits this year could come out at £10m. On a tax charge of 40 per cent that points to a p/e of 15½ at 202p, up 14p. The dividend policy will, no doubt, be its usual mean self.

Mucklow edges forward

FOR THE year to end-June, 1983 the A. & J. Mucklow Group raised its pre-tax profits from £4.71m to £4.84m, with the second six months contribution little changed at £2.43m, compared with the £2.35m returned for the same period last year.

Earnings for the year of this property investor and developer emerged lower at 6.8p (7.17p) per 25p share but an increased final dividend of 2.4p (2.25p) lifts the net total by 0.25p to 4.5p.

The directors say they expect profits for 1983/84 to at least equal those now reported.

Gross rental income for the year under review expanded from £6.23m to £6.44m due to rent reviews and reviews plus new lettings which involved some 150,000 sq ft of new factory space coming on rental stream.

However, it is pointed out that at the same time there was an increase in the vacancy factor on the developed industrial portfolio from 287,000 sq ft at the beginning of the year to 340,000 sq ft at year-end.

APPOINTMENTS

Foster Brothers Clothing restructure management

FOSTER BROTHERS CLOTHING has formed a group management board which will operate under the direction of the main board. The members of this new board will have responsibility, on a day-to-day basis, for the performance of all trading, manufacturing and service activities within the group. The directors of the management board and their specific responsibilities are as follows: **Mr B. G. Davison**, chairman, international operations; **Mr M. P. Adams**, Adams Childrenswear, Millets of Bristol and Millets of Sutton; **Mr E. W. Williams**, Marshall Lake Properties; **Mr B. Wood**, Foster Menswear; **Mr C. C. Duppa-Miller**, manufacturing division; **Mr J. Fallon**, financial and management services; **Mr R. B. Haynes**, Dormie Menswear, marketing and public relations; and **Mr F. B. Taylor**, Marshall Lake Finance, company secretarial. As a further part of this re-structuring the following appointments have been made: **Mr E. W. Williams** and **Mr L. Chute**, join the Foster Menswear Board; and **Mr R. B. Haynes**, is appointed chairman of Dormie Menswear.

*

Mr Paul Bonner, channel controller, CHANNEL 4, has been appointed programme controller and elected to the board.

*

COLECHURCH (UK), an affiliated company of Colechurch International, of Guernsey, has appointed the following to the board: **Mr Julian Brooke**; **Mr Tom Critchley**; **Mr Yawand-Wossen Mangasha**; **Mr M. Best**; **Mr D. Glassman**; **Mr P. Sidey**; and Air Vice Marshall J. G. Beddoes.

*

Mr W. McEwan has resigned from the board of DAWSON INTERNATIONAL on his appointment as chief executive of SILENTNIGHT HOLDINGS.

*

Mr Bob Dickins, vice president international of Warner Bros Music, has been appointed chairman of WARNER BROS MUSIC LTD. and WEA Records, Warner's music divisions in the UK. He joined Warner Bros Music in 1971 and was appointed managing director in 1974 at the age of 24. Every year for the last six years he has been awarded the sought-after Music Week Award as top publisher.

*

Mr Ron Lis has been appointed a senior executive in London of the international company finance division of J. HENRY SCHRODER WAGG & CO. He was a vice-president in the capital markets group at Citicorp International Bank.

*

Mr Jean-Philippe Geffroy has been named vice-president, marketing and business development for BENDIX AUTOMATION. He will be responsible for all Bendix Automation's European business.

*

Mr David Lade, marketing director of Telemetrix, has been appointed managing director of WESTWARD MICRO SYSTEMS with overall responsibility for worldwide sales and marketing. **Mr Roger Crumpton**, previously sales director of Westward, has been appointed to the main Telemetrix board. In his new position, he will develop the sales operations of all other Telemetrix companies.

*

From November 1, **Mr Frank J. Davies**, newly-appointed chief executive of ROCKWARE GROUP will, in addition, take over the duties of chief executive of Rockware Glass. **Mr Derek J. Whittaker**, the present chief executive of Rockware Glass, is leaving the group to take up a position elsewhere.

*

TEXTILE MOULDINGS, now controlled by Coats Patons, has appointed **Mr Trevor Russell** as managing director. He comes from the Guinness Plastics Group where he was an executive director. Former managing director, **Mr Jack Riley**, remains on the board and will act as a consultant.

*

WARD AND GOLDSTONE has appointed **Mr John C. Williams** as managing director. He has been with the company for 26 years, the last 16 as a main board director. Appointed directors are **Mr Kenneth S. Hooper**, company secretary, and **Mr David P. Beal**, group financial controller.

*

Mr Malcolm Samuels has been appointed group finance director, designate, of MILLS AND ALLEN INTERNATIONAL. He was group finance director and company secretary at United Drapery Stores Group.

*

Mr David Coope has been appointed chief executive officer of the gear group of companies of the DAVID BROWN organisation, including all overseas companies, and will be based at Park Gear Works, Huddersfield. He is the present managing director of David Brown South Africa, and will retain his directorship of that organisation.

*

BERRY, PALMER AND LYLE, a new company, has been established to participate in development of flexible financial and political insurance covers now emerging from the private insurance underwriting markets. Founding directors are: **Mr Charles Berry** (managing), **Mr Anthony Palmer**, and **Mr Robert Lyle**. Minority shareholders include European Banking Co., an international merchant bank formed by the EBIC Group and Control Risks Group.

*

Mr Paul Zatz has been appointed to the board of CLYDE PETROLEUM from October 1. He was formerly a partner of Lawrance, Messer and Co., solicitors, and joined Clyde in 1981 as company secretary. He will remain company secretary and will be responsible for legal and corporate functions.

*

Mr Peter Lawson has been appointed chairman of PA MANAGEMENT CONSULTANTS with responsibility for its activities in the UK. He was chief executive of the UK south group of PA Management Consultants and will be based in London.

BIDS AND DEALS

Caparo Group in property deal

Caparo Industries, steel stockholding, industrial services, engineering and property group, is to sell off its 75 per cent stake in Caparo Properties for £2m.

However Caparo Group, the privately owned company which controls Caparo Industries, will purchase at least 65 per cent of the shares in Caparo Properties. The shares are being offered to existing Caparo Industries shareholders at 32p per share. This will give Caparo Group a 51 per cent holding in Caparo Properties.

The move to separate Caparo Industries from Caparo Properties is the final step in the reorganisation of Caparo Properties, formerly E. Austin and Sons.

In May, Caparo Industries sold its investment properties to Caparo Properties for £3.6m, and purchased the fork lift truck business from Caparo Properties for £1.2m.

The directors of Caparo Industries said that they believe that the demerger will improve the market rating of Caparo Industries by allowing it to achieve a higher rate of return than is possible from the present combination of industrial and property assets. It will also reduce its consolidated debt to a level more appropriate to an industrial group.

Caparo Industries also announced its interim figure for the six months to June 30 showing pre-tax profits of £911,000 against £159,000. Turnover was up from £28m to £29.5m. The dividend was lifted from 0.5p to 0.65p.

Shares in Caparo Properties closed 2p up yesterday at 35p. Caparo Industries shares dropped 18p to 243p.

Gen. Oriental Aspinall's Club deal unveiled

General Oriental, the Hong Kong company controlled by interests of Sir James Goldsmith, is to put proposals in its shareholders for the divestment of its investment in Aspinall's Club.

General Oriental holds its stake in Aspinall's, a London based gaming club, in unsecured loan stock which is convertible into 50 per cent of the equity.

Yesterday General Oriental said that it is to carry out its divestment plan by offering to its shareholders "a dividend in specie of the shares in its wholly owned subsidiary company which owns the investment company in Aspinall's."

The group added: "These proposals for a dividend in specie will enable the company's shareholders to benefit directly in the future prosperity of the gaming investment in a marketable form and will meet the requirements of the gaming board."

General Oriental has formed a new Hong Kong holding company called Ultrabridge Investments (1983). Shareholders on the register at the close of business on October 5 1983 will receive one share of HK$0.07 each, credited as fully paid, in the capital of Ultrabridge Investments for each General Oriental share held by way of a dividend distribution.

Ultrabridge Investments will then sell the whole of its business and undertaking, consisting of its interest in a wholly owned subsidiary owning the loan stock in Aspinall's Club, to a new UK company which will be called Aspinall Holdings.

Ultrabridge Investments will then be placed in liquidation.

As a result shareholders will receive one new share, credited as fully paid in Aspinall Holdings of 10p each for every four shares that they at present hold in the company. Shareholders will have a direct interest in Aspinall Holdings and be able to hold up to 50 per cent of the equity. The other 50 per cent is held by Mr John Aspinall.

Aspinall's is currently planning to offer its shares for sale on the London Unlisted Securities Market. The sale, General Oriental said, is anticipated to take place in early November.

Spring Grove goes for Pritchard's lower bid

BY RAY MAUGHAN AND WILLIAM DAWKINS

Spring Grove, the troubled linen hire and laundry group, yesterday announced that it was accepting a lower offer from Pritchard Services because that was less likely to go to the Monopolies and Mergers Commission than a rival offer from Sunlight.

Pritchard is offering three of its own shares for every eight shares in Spring Grove, which at Pritchard's price yesterday of 123p values Spring Grove at £15.3m or 46.1p per share. Sunlight's offer is worth 72p per share or £24m.

Mr G. H. J. Robinson, chairman of Spring Grove, said in a letter to shareholders that lack of management control at the St George's linen hire business had affected trading efficiency.

Spring Grove acquired St George's last June for £7.6m, but "the rationalisation of the business and the creation of additional provisions meant that the net assets acquired were less than anticipated," said Mr Robinson.

St George's would benefit from Pritchard's management, but it was still possible that the merger of the two groups would involve redundancies. However, these would be less than would have resulted had Spring Grove not merged with Pritchard.

The letter, contained in Pritchard's offer document to Spring Grove shareholders, predicts that the company's pre-tax profits for the year ending September 30 1983 will be £0.4m against £2.7m in the previous year.

This includes a loss of £1m from St George's and £1.6m interest costs.

Mr Robinson added that Spring Grove would benefit from increased sales to Pritchard's customers in building maintenance, health care support and security services.

Pritchard already has acceptances representing 50.2 per cent of Spring Grove's equity, but its offer is still conditional on clearance from the Office of Fair Trading and Stock Exchange permission for a listing for the 12.437m new shares needed to put the offer into effect.

Sunlight, determined to pursue its £24m equity offer for Spring Grove in the face of Pritchard's shut out, was yesterday attempting to drum up support from uncommitted shareholders. Its merchant banker, Kleinwort Benson, claimed yesterday that at least one insurance company was contemplating an approach to the relevant Investor Protection Committee.

Kleinwort Benson has been attempting to show that the Spring Grove holders who delivered 14.1 per cent to Pritchard were given inside information in the context of Sunlight's greater risk of a reference and Spring Grove's own difficult financial position.

Sunlight is expected to publish its defence against the £31m offer from — — — — today but its own offer document claims that it is offering 57 per cent more than Pritchard, that Sunlight's businesses, although different, are complementary in Spring Grove's operations and that "Pritchard does not nor can it credibly claim to possess the dept of market expertise in all Spring Grove's activities and, in particular, the linen hire market which is necessary to re-establish Spring Grove as a major force in the industry.

Int. Paint companies bought out

BY ANDREW ARENDS

THE INTERNATIONAL paint contracting divisions of International Paint are to be split up and bought by the managements in two separate deals worth around £1.3m.

International Marine Contractors, and International Structural Contractors, the ship and industrial painting divisions together with the scaffolding division are to be sold for around £1m to DMB, which was set up to purchase the two painting divisions and is headed by Mr Douglas Blewitt, currently managing director of the entire paint contracting group. The transfer will take place next month.

International Contracting Equipment, which manufactures and supplies marine descaling equipment and marine and industrial painting equipment, has been purchased by Inmar Contracting Equipment for a reported £300,000. Inmar, set up specifically to buy the ICE division from International Paint, is controlled by Mr Joseph Hughes, formerly operations director of the division.

Both Inmar and DMB will continue to operate the businesses from the Newcastle area.

International Paint, a subsidiary of Courtaulds, said yesterday that the contracting divisions had been peripheral to the group's main business of manufacturing paint.

HERON STAKE IN BURMAH OIL

Insurance interests of Heron Corporation, the petrol to property empire of Mr Gerald Ronson, have built up a stake of under 1 per cent in Burmah Oil.

But Heron denied yesterday that Mr Ronson had bought a near 5 per cent stake in Burmah. "Through our own insurance company we have a very, very small stake. This is under 1 per cent and was bought a couple of months ago. It is a straight investment and nothing else.

Samuel Montagu seeks to expand shipping side

Samuel Montagu, merchant bank, is holding talks with Stewart Wrightson Holdings on the possible purchase of the insurance broking group's shipping interests.

A brief statement by both companies yesterday said the discussions could lead to an offer for Galbraith Wrightson Shipping, a leading company in ship-broking.

Montague began developing shipping finance and advisory services about a year ago, having been inactive in the sector since the 1960s. It sees the possible acquisition of Galbraith as a progression of its shipping activities.

Galbraith's business covers the tanker, dry cargo and sale and purchase markets. Shipbroking profits fell by 46 per cent last year to £1.15m, as the world shipping industry remained in recession.

The first half of 1983 saw a further drop in shipbroking profits, according to the group's interim report. Losses were also made on ship operating.

Several other leading merchant banks own major shipbroking companies. Lambert Brothers is part of Hill Samuel and Kleinwort Benson owns Harley Mullion.

Mr David Rowland, Stewart Wrightson's chairman, said in his interim statement earlier this month that "there is little sign of any sustained improvement in the shipping market."

Group pre-tax profits moved up from £4.18m to £4.62m in the first half, with growth in insurance broking profits partly offset by lower profits from both shipping and air broking.

SOTHEBY

Lazard Brothers yesterday published the formal offer document containing a 700p per ordinary share cash offer to shareholders of Sotheby Parke Bernet on behalf of Taubman UK Investments, valuing the company at £87.2m.

Sotheby's board recommends the acceptance of all the offers and includes a pre-tax profits estimate for the year to August of at least £4.5m, compared with a loss of £3.1m in the previous year.

At 700p, ordinary shareholders will gain a 47 per cent increase in capital value above the 475p share price on June 9 when Mr Taubman announced his intention to make a bid.

A 170p cash offer for preference shares represents a 59 per cent increase over the June 9 price of 107p. A further offer has been made for option shares.

Closing date for acceptances is 3.30 pm, Thursday October 13 1983. An EGM will be held on Monday October 17 at Sotheby's, 34 New Bond Street, to approve the resolution and a capital restructuring of Sotheby.

Sotheby shares closed at 680p unchanged yesterday.

BANK RETURN

BANKING DEPARTMENT

	Wednesday September 21 1983	Increase (+) or Decrease (−) for week
Liabilities	£	£
Capital	14,553,000	
Public Deposits	35,433,869	+ 1,241,951
Bankers Deposits	616,412,572	+ 27,988,244
Reserve and other Accounts	1,593,339,896	− 6,669,272
	2,259,739,437	− 19,376,921
Assets		
Government Securities	388,440,858	− 87,969,999
Advances & other Accounts	998,374,028	+ 130,658,540
Premises Equipment & other Secs.	860,547,750	− 63,280,412
Notes	12,205,095	+ 1,224,257
Coin	171,736	+ 3,307
	2,259,739,437	− 19,376,921

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes issued	11,400,000,000	− 40,000,000
In Circulation	11,387,794,945	− 41,224,257
In Banking Department	12,205,055	+ 1,224,257
Assets		
Government Debt	11,015,100	
Other Government Securities	4,051,155,010	− 634,661,559
Other Securities	7,337,831,890	+ 594,661,529
	11,400,000,000	− 40,000,000

THE PROPERTY MARKET BY MICHAEL CASSELL

Samuel steps up U.S. programme

SAMUEL PROPERTIES has decided to step up its commercial development activities on the west coast of the United States, following completion of two schemes in Los Angeles.

Samuel, which kicked off in the U.S. in 1980 by converting a New York office tower into luxury flats, has decided to take up an option to purchase from a publishing company a site at San Rafael, Marin County, about 15 miles north of San Francisco. Work on the 55,000 sq ft scheme will start next year.

Although it has become a popular area with domestic and overseas real estate investors, British involvement on the west coast has so far been limited. Capital and Counties has a 23 per cent stake in Westamerica Properties, a joint holding company with the Prudential, Equity and Law and Mercantile Investment Trust which has developed four schemes in San Francisco. Hammerson has set up shop in Los Angeles but is still looking for something to do.

Peter Lewin at Samuel says that the market in San Francisco area — where even tougher restrictions on downtown development are being proposed by the planners — is always comparatively strong and is currently showing clear signs of further improvement.

Samuel is also going ahead in the spring with a 200,000 sq ft office development—jointly with Sears Holdings—in El Segundo, close to Los Angeles airport and in an area expanding fast on the back of aerospace and defence business. The site is directly opposite the recently completed Airport Towers, comprising 1.1m sq ft of offices and leased to Hughes Aviation and Rockwell Industries.

Lewin says the company looked at different areas in the U.S., including the now shaky Sun Belt, but decided instead that the opportunities offered by the west coast outweighed the disadvantage of distance.

Of the two recently completed developments in Los Angeles, the $10m Holmby building at 10474 Santa Monica Boulevard, West Los Angeles, is virtually fully let while the 76,000 sq ft development at 464p Lankershim Boulevard, North Hollywood, has been 60 per cent leased. Some income will begin to flow during the current financial year, though not for the year to June 30, results for which are due next month.

The group's U.S. portfolio represents a small—estimates suggest around 15 per cent—but increasingly important part of its total property assets (in the books at £68m during 1981-1982) but it says it has an open mind about whether they will be retained as investments or sold on. "It will depend on what the market is like at the time," Lewin adds.

City plan for Land Securities

City of London Real Property, the Land Securities' subsidiary, is seeking planning permission from the City of London Corporation for an office and retail development scheme in Gracechurch Street, EC3.

The plan, which embraces 77-80 Gracechurch Street, involves the demolition of all properties, barring the Swan Tavern which is located in Ship Tavern Passage. Land Securities has several development and refurbishment schemes currently under way in the City but Peter Hunt, managing director, is not ready to talk about this one "until all the loose ends are tied up."

A well-known Birmingham Landmark, the Embassy Sportsdrome, reputedly the first property purchased by Charles Clore, is to be auctioned on October 6. The building, erected in 1903 as roller skating rink, has hosted many famous sporting events during its history—including a world championship boxing fight in which Randolph Turpin was the victor—but has more recently been used as a bingo hall. The property is being sold on behalf of relations of Charles Clore by Jack Cotton and partners, a name which was closely allied with Clore for many years. The agents have given a guide price of £110,000.

Daon fights for survival

VANCOUVER-based Daon Development Corporation's proposed C$165m (£89m) rights issue, planned to follow a massive debt reorganisation, has come as something of a surprise to the Canadian property market.

Surprise, in fact, may be too mild a term. The money from the rights issue is to be raised outside Canada with London merchant bankers Kleinwort Benson acting as lead manager and Laurie Millbank as broker. Given the complex structure of Daon's C$1.9bn of total debt, analysts are saying it was an incredible achievement for the company to agree a detailed restructuring programme with its banks.

"To add to it some foreign investors prepared to put up C$165m is a noble effort," said Ira Gluskin, property analyst with Toronto stockbrokers Brown, Baldwin & Nisker, "I'm flabbergasted."

The rights issue will only go ahead if the restructuring programme is agreed, but analysts believe that bankers and debenture holders have little choice but to give it their formal approval. Daon's debt is backed up by equity of only C$72m, its shares trade at C$1.80, having once seen a high of C$13.62 and it ceased paying all dividends and buying in preference shares as required more than 12 months ago.

Detailed documents on the restructuring are to go out at the weekend. Interest and some principal repayments arising between August 1 last year and October 31 1986 are to be satisfied by the issue of new common shares. Principal payments arising later are to be rescheduled and debenture holders will be given an option to convert to the new shares.

Daon's debt to equity ratio, although improved, will still be high and analysts are puzzled why a British banker and broker should be prepared to back the raising of new money.

Mr William Levine, Daon's chief financial officer said that foreign investors saw that, after restructuring, the company would be an attractive vehicle to invest in North American real estate. "Our properties are good properties. Our problems have been too much debt," he said.

Daon's fast growth—from 1977 to 1981 its assets rose five-fold to C$2.37bn—was built by using debt to finance clever property and land sales in an inflationary market. In the mid-1970s Daon moved into the United States, acquiring residential apartments in California across the sun belt and into Florida. The apartments were converted to condominiums and sold.

At the same time the company built up land banks, particularly in California and the fast-growing, oil-rich Canadian province of Alberta. The intention was to use profits from land and apartment sales to service debt while building up a substantial, high-value commercial portfolio.

The strategy worked. In 1980 residential sales amounted to 49 per cent of revenues and land sales 29 per cent while profits at C$51.3m had grown from C$10.3m in 1977. But Daon was buying and developing its commercial portfolio at what proved to be the top of the market. As interest rates soared in 1981, Daon bought a 47-storey office block in Montreal for C$85m, a 40-storey office block in Philadelphia and a half interest in the controversial Omni complex in Atlanta. Assets rose by 41 per cent, but the bottom had dropped out of condominium sales. The company made a provision of C$44m against its residential properties and earnings dropped to C$17.2m.

As the oil and gas business slumped in western Canada its Alberta land became almost unsaleable and Daon could no longer service its loans. In 1982 the company lost C$85.5m.

Negotiations over the restructuring of its debts have taken 18 months. During that time the company has sold nearly all its residential apartments. Analysts say that it retains some high quality commercial properties and potentially saleable land. But they await the detailed documents with interest to see why a company pushed to the edge of collapse, can command sufficient confidence for a rights issue from foreign investors.

NICHOLAS HIRST

● Electricity Supply Nominees (Scotland) is to sell Carlton House, Blythswood Square, Glasgow, with vacant possession. The property has nearly 10,000 sq ft of floorspace and has "considerable development potential."

Florida tenant for Guinness Peat

GUINNESS PEAT Properties has completed its joint venture office project with Knight Enterprises at Cypress Creek, Fort Lauderdale, Florida. The 104,600 sq ft building, known as the Broward Trade Centre, has been fully let to a U.S. telecommunications corporation at a rent in excess of $1.5m a year. Guinness Peat were advised throughout by Healey & Baker in New York.

● DCI, Developments Commercial and Industrial (Holdings) is to develop a city-centre business park on a three-acre site at Port Dundas, Glasgow. The £9.5m scheme will provide 130,000 sq ft of floorspace and an existing office block of 25,000 sq ft—representing a further investment of £800,000—will be retained.

● The GLC Superannuation Fund has bought the freehold of the recently completed Finsbury Park trading estate, London N4 for a price in the region of £1.7m. The purchase of the fully-let estate provides a return of about 7 per cent to the Fund, which was represented by Hillier Parker May & Rowden.

● Park Royal Developments, a Guinness subsidiary, is to start work on a £4.5m office project off London's Fleet Street. The company, which held a lease on 8-9 East Harding Street, negotiated through Weatherall Green & Smith a new 125-year lease with the Goldsmiths Company, the freeholders. The 21,500 sq ft scheme has been sold by Weatheralls to Scottish Mutual Assurance and has been pre-let to a firm of solicitors at a rent approaching £15 a sq ft. It will be completed by the end of 1984.

● L'Union Miniere is taking 53,800 sq ft of floorspace in offices just developed by Assurances Generales in Place Stephanie, Brussels. The rent is BFr 4,000 a sq metre (equating to about £4.65 a sq ft) exclusive. Compagnie Immobiliere de Belgique, Hillier Parker's Belgian associate, advised the tenant.

● Pension fund clients of Lloyds Bank investment department have paid about £1.6m—showing an initial yield of 5.35 per cent—for Sandwharf, a 15,800 sq ft net office building in Cheese Lane, Bristol. The building, developed by Chivers Developments, is let to Clerical Medical and General Life Assurance at an initial rent of £87,950 a year. Savills advised Lloyds and Lalonde Bros acted for Chivers.

COMPANY NOTICES

De Beers Consolidated Mines Limited

Incorporated in the Republic of South Africa

NOTICE TO HOLDERS OF DEFERRED SHARE WARRANTS TO BEARER

PAYMENT OF COUPON NO. 71

With reference to the notice of declaration of dividend advertised in the Press on 24th August, 1983, the following information is published for holders of share warrants to bearer.

The dividend of 12.5 cents per share was declared in South African currency. South African non-resident shareholders' tax at 1.375125 cents per share will be deducted from the dividend payable in respect of all share warrant coupons leaving a net dividend of 11.124875 cents per share.

The dividend on bearer shares will be paid on or after 4th November, 1983 against surrender of coupon No. 71 detached from share warrants to bearer as under:

(a) At the offices of the following continental paying agents:

L'Europeenne de Banque, 21 Rue Laffitte, 75428 Paris.

Banque Bruxelles Lambert, 24 Avenue Marnix, 1050 Brussels.

Societe Generale de Banque, 3 Montagne du Parc, 1000 Brussels.

Credit Suisse, Paradeplatz 8, 8001 Zurich.

Union Bank of Switzerland, Bahnhofstrasse 45, 8001 Zurich.

Swiss Bank Corporation, 1 Aeschenvorstadt, 4002 Basle.

Banque Internationale a Luxembourg SA, 2 Boulevard Royal, Luxembourg.

Payments in respect of coupons lodged at the office of a continental paying agent will be made in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the continental paying agent. Instructions regarding disposal of the proceeds of the payment so made can only be given to such authorised dealer by the continental paying agent concerned.

(b) At the London Bearer Reception Office of Charter Consolidated P.L.C., 40 Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in rand to an address in the Republic of South Africa, payment will be made in United Kingdom currency, either:

(i) in respect of coupons lodged on or prior to 28th October, 1983 at the United Kingdom currency equivalent of the rand currency value of their dividend on 3rd October, 1983; or

(ii) in respect of coupons lodged after 28th October, 1983 at the prevailing rate of exchange on the day the proceeds are remitted, through an authorised dealer in exchange in Johannesburg to the London Bearer Reception Office.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10 a.m. and 3 p.m.

United Kingdom income tax will be deducted from payments to any person in the United Kingdom in respect of coupons deposited at the London Bearer Reception Office, unless such coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deduction is made, the net amount of the dividend will be the United Kingdom currency equivalent of 6.75 cents per share in terms of sub-paragraph (b) above arrived at as follows:

	South African Currency Cents Per Share
Amount of dividend declared	12.500000
Less: South African non-resident shareholders' tax at 11.001%	1.375125
	11.124875
Less: U.K. income tax at 18.999% on the gross amount of the dividend of 12.5 cents	2.374875
	8.750000

For and on behalf of ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED London Secretaries J. C. Greensmith

London Office: 40 Holborn Viaduct, London EC1P 1AJ. 22nd September, 1983.

NOTE:

The Company has been requested by the Commissioners of Inland Revenue to state:

Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 18.999% instead of the basic rate of 30% represents an allowance of credit at the rate of 11.001%.

De Beers

De Beers Consolidated Mines Limited

RENOWN INCORPORATED

On the 19th September, 1983, the Board of Directors of the Company met and issued the following Report:—

SEMI-ANNUAL BUSINESS RESULTS

(Unaudited and on Consolidated basis)

	Millions of Yen. Six months ended June 30th 1982	1983
Revenue:		
Net Sales	109,996	107,478
Cost of Sales	73,035	70,574
Gross Profit	36,961	38,904
Selling, General and Administrative Expenses	29,728	31,342
Operating Income	7,233	5,562
Non-Operating Income (Expenses):		
Interest and Dividend Income	1,475	1,584
Interest Expenses	(1,043)	(1,280)
Translation (Loss) on Foreign Currency	(1,191)	(38)
Convertible Notes and Bonds	1,157	1,127
Other Income	(237)	(150)
Other Expenses		
	161	1,243
Income before Income Taxes	7,394	6,805
Income Taxes:		
Current	4,619	3,298
Deferred	(422)	826
	4,197	4,124
	3,197	2,681
Equity in Earnings of Associated Companies	867	590
	4,064	3,271
	YEN	
Earnings per Share	26.55	22.97

Note: No interim dividend are declared and paid for the current Semi-Annual period as the Company does not apply the interim dividend system to shareholders of the Company.

ROBERT FLEMING & CO. LTD.

London 8, Crosby Square

23rd September, 1983 London EC3A 6AN

American Petroleum Production N.V.

Annual General Meeting

Notice is hereby given that the Annual General Meeting of American Petroleum Production N.V. will be held at Pietermaai 15, Willemstad, Curaçao, Netherlands Antilles on 24th October 1983 at 10.00 a.m. to consider and, if thought fit, to pass resolutions for the following purposes:—

1. to approve the balance sheet of the Company and the consolidated balance sheet as of 30th June 1983, the related consolidated statements of income and retained earnings and changes in financial position of the Company and its subsidiaries for the period from incorporation to 30th June 1983, together with the respective notes thereto and the Auditors' Report thereon;
2. to approve the payment of a dividend of $40 per share;
3. to ratify the appointment of the existing Directors;
4. to re-appoint the Auditors and authorise the Board to determine their remuneration.

American Petroleum Production N.V.

19th September 1983

Notes:—

1. Shareholders are entitled to appoint a proxy to attend and vote in their stead at the Annual General Meeting and any adjournment thereof. A proxy need not be a shareholder but must not be a Director or a person employed by the Company.
2. The required quorum for the Annual General Meeting is shareholders present in person or by proxy representing not less than five per cent. of the outstanding shares of the Company.
3. If you are a registered shareholder and are unable to be present at the Meeting, please complete and sign the proxy form and lodge it with or send it to Banque Générale du Luxembourg S.A., Service des Titres, 14 Rue Aldringen, Luxembourg, in accordance with the instructions printed thereon.
4. If you are a bearer shareholder and are unable to be present at the Meeting, please deposit your certificates for bearer shares with, and complete a proxy form in accordance with the instructions printed thereon available from, any Paying Agent. Share certificates so deposited will be held in a blocked account until whichever is the later to occur of the conclusion of the Annual General Meeting (or any adjournment thereof) and the taking of any poll arising therefrom, whereupon the certificates will be released on surrender of the deposit receipt issued by the Paying Agent with whom they were deposited.
5. If you intend to attend the Meeting in person, you are asked to notify the Company by completing and signing the form of notice on the proxy form.

BUFFELSFONTEIN GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

BUFFELSFONTEIN/BEATRIX SCHEME

Members are advised that the ordinary and special resolutions proposed at the general meeting of members of the company held on 22 September 1983, notice of which was given in the Circular and Notice of General Meeting dated 30 August 1983, were duly passed.

The share capital of the company therefore now consists of the following:

(a) Authorised and issued: 11,000,000 ordinary shares of R1 each

(b) Authorised and placed under the control of the directors: 20,000,000 non-cumulative preference shares of R1 each.

The shares referred to under (b) above were placed under the control of the directors of the company. This will enable the directors to allot, credited as fully paid, such number of those shares as are required to be allotted to Beatrix Mines Limited or its nominees in terms of the agreement dated 23 August 1983 between the company and Beatrix Mines Limited, whereby the company acquired from Beatrix Mines Limited certain assets and the right to mine base minerals and precious metals recoverable from Beatrix's mining lease area. The allotment of these shares will be made by the directors as soon as all the conditions precedent of the said agreement have been fulfilled.

By order of the board

General Mining Union Corporation Limited

Secretaries

per D. L. DUSSING

Senior Divisional Secretary

Gold and Uranium

Johannesburg

23 September 1983

Gencor Group

RAND MINES, LIMITED

(Incorporated in the Republic of South Africa)

A member of the Barlow Rand Group

NOTICE IS HEREBY GIVEN that the annual general meetings of the undermentioned companies will be held in the auditorium, lower ground floor, The Corner House, 63 Fox Street, Johannesburg on the dates and at the times shown:

Name of Company (each of which are incorporated in the Republic of South Africa)	Date of Meeting	Time of Meeting	Closure dates of Registers of Members (inclusive)
Blyvooruitzicht Gold Mining Company, Limited	21st October 1983	10h00	15th to 21st October 1983
Harmony Gold Mining Company, Limited	21st October 1983	11h00	15th to 21st October 1983

15th Floor, 63 Fox Street, Johannesburg 2001 (P.O. Box 62370, Marshalltown 2107).

By order of the boards V. M. MINTON Administrative Manager Secretary 22nd September, 1983

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN OKUMA MACHINERY WORKS, LTD.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend to shareholders of record date September 30, 1983, the shareholders' register will be closed for the period October 1-31, 1983, and during this period it will not be possible to register the transfer of shares against the surrender of EDRs. [illegible]

CITIBANK, N.A., London, Depositary

September 23, 1983.

SENNAH RUBBER COMPANY PLC

NOTICE IS HEREBY GIVEN that the Sixty-sixth Annual Ordinary General Meeting of the Company will be held at Rue Albert 1er, 51 Luxembourg, on Tuesday 18th October 1983 at 11.30 am to receive the Directors' Report and the Accounts for the year ended 31st December 1982; to declare a Dividend; to elect Directors; to appoint Auditors and to fix their remuneration; and for the transaction of any other ordinary business of the Company.

The Dividend recommended by the [illegible]

By order of the Board — [illegible] SECRETARIAT LIMITED Secretaries

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NOTICE TO HOLDERS OF BEARER DEPOSITARY RECEIPTS FOR COMMON STOCK OF HITACHI LIMITED

We are pleased to confirm that copies of the Annual Report [illegible] Amsterdam, Brussels, Paris, Frankfurt, Milan and Banque Internationale a Luxembourg S.A., Luxembourg.

CITIBANK, N.A. London Depositary

September 1983.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NIPPON SHEET GLASS CO., LTD.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend to shareholders of record date September 30, 1983 the shareholders' register will be closed for the period October 1-31, 1983 [illegible]

CITIBANK, N.A., London Depositary

September 23, 1983.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NIPPON SHINPAN CO., LTD.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend [illegible]

CITIBANK, N.A., London Depositary

September 23, 1983.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN SUMITOMO ELECTRIC INDUSTRIES, LTD.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend [illegible]

CITIBANK, N.A., London Depositary

September 23, 1983.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN AJINOMOTO CO., INC.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend [illegible]

CITIBANK, N.A., London Depositary

September 23, 1983.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS THE NISSHIN OIL MILLS, LTD.

NOTICE IS HEREBY GIVEN that subject to shareholders' approval a cash dividend [illegible]

CITIBANK, N.A., London Depositary

September 23, 1983.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN TSUMURA JUNTENDO, INC.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend [illegible]

CITIBANK, N.A., London Depositary

September 23, 1983.

T D K CORPORATION

NOTICE IS HEREBY GIVEN that copies of the semi-annual report for the 6 months ended 31st May 1983 may be obtained [illegible]

23rd September 1983.

NOTICE OF PURCHASE EUROPEAN INVESTMENT BANK 8.75% UNITED STATES DOLLAR BONDS OF 1976, DUE SEPTEMBER 1, 1986

NOTICE IS HEREBY GIVEN to bondholders that Union Bank of Switzerland [illegible]

EUROPEAN INVESTMENT BANK

Luxembourg, 1983.

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Friday September 23 1983

Record world wheat production forecast, Page 36

WALL STREET

Resilience despite Fed inundation

RESILIENCE was to be found yesterday more readily among Wall Street's stocks than in the credit markets as the U.S. Treasury autumn funding deluge initially washed away some of the gains in values established there over the past week or more, *writes Gordon Cramb in New York.*

By 2pm, the Dow Jones Industrial average was 8.95 up at 1,252.24, compared with the peak of 1,249.19 it set on Tuesday.

The debate over whether the Federal Reserve has to any extent softened its monetary stance remained inconclusive – a lack of certainty highlighted in a Federal Funds rate which held at around 9⅝ per cent against Wednesday's average of 9¼ and bids on Tuesday as low as 8⅞.

Wednesday wrinkles are usually wrought by the weekly settlement operations of the banks, lending among which the rate reflects. The inability of funds to return yesterday to the newly established lower levels caused some concern, however.

Prices of government paper dipped a half-point at the long end, ahead of the auction last night of $3.5bn in 20-year bonds to complete the $14.25bn programme. Dealers were quoting when-issued rates for these at around 11.93 per cent, up from the 11.86 indicated the previous day.

But then shortly after 1pm the bond market managed a rally which corrected the morning's downward drift but did not immediately go on to chart much further progress. With the weekly money supply figures out today, waxings and wanings of sentiment toward the end of the week have now become commonplace.

The improvement followed a further operation by the Federal Reserve, which has been acting to help the market each day now since Wednesday last week. The four and seven-day repurchases for its own account, scheduled in advance the afternoon before, were implemented with a stop rate for Fed Funds of 9 per cent.

The rate, however, showed little inclination to approach this level.

Notable movements among stocks tended mainly to be on the gains side – with the exception of Eastern Air Lines which slid an early $¾ to $5½ as it moved to tackle its unions on wage cuts.

In the financial sevices sector, Allegheny jumped $4 to $71⅞ on market suggestions that American Express might again be interested. Amex eased $⅛ to $38⅞.

Avco, with areospace involvements as well as financial services, reported modestly better third-quarter earnings and put on $⅝ to $34½.

Wometco Enterprises, which agreed an investors' bid worth $48.50 a share, moved up just $⅝ to $43⅞. Coca-Cola, for which it is a major bottler and which has been receiving favourable mention, gained $1¼ to $51⅛.

General Motors, pressing on with its production tie-up with Toyota despite delays and labour concessions, added $1⅛ to $74 in an otherwise dull Detroit sector.

The mid-session revival in the credit markets occurred despite the Funds rate's obstinacy. The bellwether long bond, the 12 per cent due in 2013, returned to its overnight price of just on 103 and yield of 11.63 after slipping well below 102½ in the morning.

Treasury Bill rates at a discount of 6.95 per cent for the three-month and 9.02 for the six-month were one basis point easier after initial rises of four basis points or so.

Dealers noted a tapering off in retail demand from a good Monday volume to rather little yesterday, leaving the bulk of the trading to be conducted among the institutions.

LONDON

Blue chips up as BP bides time

BUSINESS volume in London left much to be desired yesterday but the market remained quite firm. Investors continued to wait for the outcome of the BP tender offer – applications for the Government's sale by tender of 130m shares must be received by 10am today – and dealings are scheduled to start on Monday.

Growing conviction that the offer will be a success – suggestions were that it may be up to six times oversubscribed – and continuing optimism about short-term interest rates underpinned markets.

Despite opening easier in sympathy with Wall Street's overnight fall, leading blue chips rallied on small demand with the recently depressed electrical leaders showing up well.

Dunlop rose 4p to 57p, following the interim report and details of the Sumitomo deal, while Vickers softened on uninspiring half-year figures. The FT Industrial Ordinary index, 1.9 down at 10am, rallied to close 2.1 up at the day's best of 708.1.

Mining markets were highlighted by marked weakness in South African golds and related issues.

The early selling in minings emanated from overseas, in particular Europe, and was thought to have reflected rumours of possible IMF gold sales. *Details, Page 31; Share Information Service, Pages 32–33*

TOKYO

Focus shifts to counter vicissitudes

INVESTOR interest shifted kaleidoscopically between speculative stocks and blue chips in Tokyo yesterday, but the Nikkei-Dow Average overcame a morning loss of 19.59 points and managed to close higher for the third straight session, *writes Shigeo Nishiwaki of Jiji Press.*

The Dow indicator added a moderate 7.74 to finish at 9,280.30, despite a fall from a record high on Wall Street, the yen's easing, and increased selling by overseas investors prior to a market holiday today.

Trading was slow at 255.65m shares, down from Wednesday's 344.16m. Gainers and losers were even at 336, with 193 issues unchanged.

Although most securities houses were trying to make blue-chip and large-capital stocks set the pace of trading, the market acquired an even stronger tinge of "money games" as many investors, unsure about the short-term outlook, went after speculative issues with large price fluctuations to gain quick profits.

The prime example of such speculative interest was Aoki Construction, which fell Y40 but rallied sharply in late trading to close Y49 higher at Y949. Arabian Oil fell Y200 to Y5,480, and Joban Kosan Y40 to Y410.

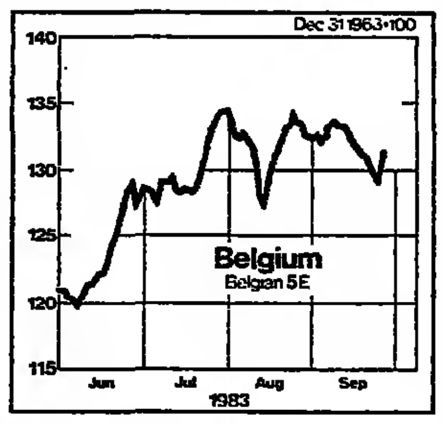
Large-capital steels and shipbuildings lost further ground under continuous selling, with Mitsubishi Heavy Industries off Y4 to Y253. Sumitomo Chemical, the session's most active issue, fell Y3 to Y173.

Blue chips came to the fore again in the afternoon session, as the advance of Matsushita-Kobobuki, the video cassette recorder production arm of Matsushita Electric Industrial, pulled up other Matsushita group issues. Matsushita-Kobobuki rose Y220 to Y4,030, Matshushita Electric Y40 to Y1,710, and Sony Y20 to Y3,890.

Middle-priced blue chips also attracted buying, with Minolta gaining Y16 to Y896, Brother Industries Y30 to Y838, Oki Electric Y14 to Y704, and Iwatsu Electric Y60 to Y1,670. Nippon Oil gained Y40 to Y1,030 and Yamanouchi Pharmaceutical Y80 to Y1,840.

Sentiment turned bearish on the bond market as city banks and other financial institutions appeared more inclined to sell off their holdings. Several city banks each put up Y10bn to Y20bn worth of 10-year government bonds, but securities houses were reluctant to meet the sell offers because of their already high inventories.

Yields on 7.5 per cent government bonds, with 9½ years remaining to maturity, and 7.7 per cent government bonds, with 6½ years to maturity, changed little from Wednesday, at 7.86 per cent and 7.52 per cent, respectively.



EUROPE

Strike hopes fuel surge

PRICES MOVED ahead on the Brussels bourse yesterday, eliminating the falls of the previous eight trading days. Electrical stocks such as Tractionel showed particular gains, but improvement was less marked among oil and engineering shares, *writes Paul Cheeseright in Brussels.*

The market was responding to the possibility of a quick end to the public sector strike, now in its second week. Following the breakthrough in negotiations between the unions and the Government on Wednesday, the market calculated that of the two major trade union groupings, the Christian Democrats would accept the deal while the Socialists would not want to be left isolated.

Wednesday's decision by the central bank not to raise interest rates was seen as a positive factor, and the bourse index added 2.4 to 131.51.

The level of trading was high in contrast to the scattered interest of recent days. But foreign stocks registered light falls under the influence of the lower opening on Wall Street.

Sofina gained BFr 125 to BFr 5,010 with Gevaert BFr 130 stronger at BFr 2,500. Bruxelles Lambert was BFr 60 higher at BFr 2,310 and Petrofina closed BFr 30 ahead at BFr 5,970. One of the few losers was Delhaize, BFr 10 weaker at BFr 4,700.

Elsewhere, Fiat and Olivetti led a rally in Milan although overall volume was low and large investors were noticeably absent. Covering operations and speculative activities underpinned the advance.

Active trading brought Fiat L35 higher to L3,025 on the strength of its trading result, while Olivetti put on L110 to L3,359 despite denials from AT&T about buying a stake in the Italian group.

Banca Commerciale and Credito Italiano both advanced, while retailer Standa was L200 higher at L5,250.

Directionless trading in **Frankfurt** saw investors reluctant to commit large amounts of new funds.

AEG was particularly weak on profit-taking at DM 80.20, a loss of DM 1.30, while steelmaker Hoesch fell DM 5.10 to DM 84. The Commerzbank index dropped 4.2 to 930.2.

All major stores issues dropped while banks and chemicals fell up to DM 1.50. Degussa was out of step with a DM 2 rise to DM 355.

Disappointment over Wall Street's retreat left **Amsterdam** mixed with some interest on internationals. Unilever was FL 1.30 higher at Fl 229.30 and Philips gained 80 cents to Fl 49, although Royal Dutch weakened 30 cents to Fl 137.50 and KLM shed Fl 1.30 to Fl 148.50.

Banks were mixed with ABN Fl 1 off at Fl 373 and NMB up Fl 3.50 to Fl 152. Publishers advanced with Elsevier Fl 10 higher at Fl 390.

Technical trading dominated **Paris** again, leaving prices lower, while **Stockholm** and **Zurich** were mixed. Banks and electricals moved **Madrid** higher.

AUSTRALIA

BASE METAL miners suffered the most in Sydney yesterday as the market retrenched in moderately active trading. The All Ordinaries Index was 8.4 down at 706.5.

A sharply higher Australian dollar and a perceived disparity between metal prices and stock market values of mining companies fuelled the reversals.

E.Z Industries fell 22 cents, one of the largest declines of the session, to A$5.86. Western Mining surrendered 18 cents to A$4.54, Pancon dipped seven cents to A$1.63 and CRA closed 14 cents off at A$5.82.

Bank stocks were sharply lower, with building material supply, property and brewing issues generally lower.

Yesterday saw market holidays in Hong Kong for the day after the Chinese mid-autumn festival and in Melbourne for Show Day. Today, Tokyo is closed for the autumn equinox holiday.

SINGAPORE

DESPITE wide gains on the Singapore market yesterday, some dealers described the mood as lethargic and slowly gaining strength before the inevitable corrective phase. The Straits Times Index gained 6.86 to close at 987.39.

Banks were strong with OCBC firming 10 cents to S$10.90 and UOB 15 cents ahead at S$5.45. Malayan Banking improved 35 cents to S$9.85 on rumours of a rights and scrip issue.

SOUTH AFRICA

A SLUMP in the bullion price unnerved **Johannesburg** yesterday and generated wide losses in gold mining shares.

Quality stocks bore the brunt of the falls with Vaal Reefs R5.50 lower at R134.50, Buffels lost R3 to R64, while Unisel at the other end of price range shed R1.25 to R16.

Mining financials lost, although a firmer bias was detected in industrials with Allied Technologies R2 ahead at R52.

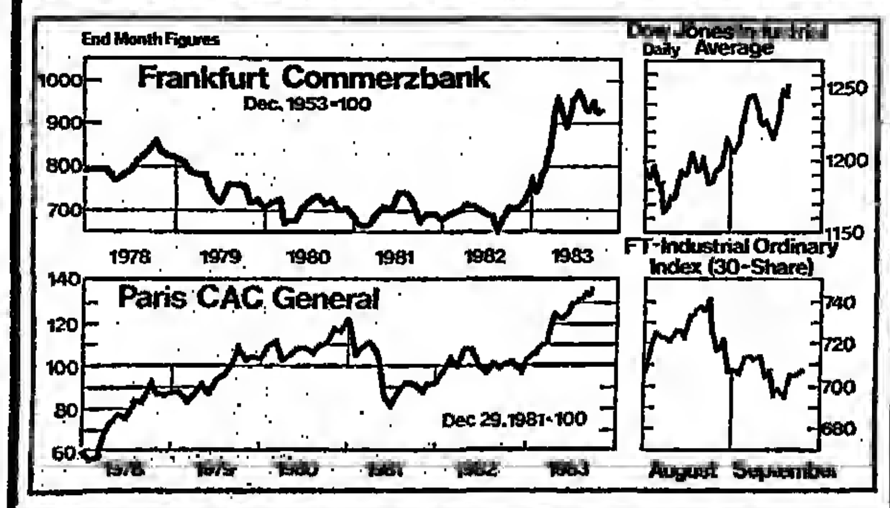
CANADA

A SELL-OFF was curtailed in **Toronto** yesterday when a mid-session rally checked early weakness in prices.

Phoenix Canada Oil resumed trading at C$10½, having been suspended on news that it had an interest in an Alberta oil find.

Papers were the only bright spot in **Montreal**, where banks, industrials and utilities all suffered. Vancouver was also weaker.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Sept 22	Previous	Year ago
NEW YORK			
DJ Industrials	1252.24*	1243.19	927.61
DJ Transport	588.28*	587.49	368.71
DJ Utilities	133.24*	133.14	116.69
S&P Composite	169.11*	169.15	123.99
LONDON			
FT Ind Ord	708.10	706.00	582.60
FT-A All-share	448.91	446.31	359.25
FT-A 500	486.65	482.41	397.34
FT-A Ind	436.58	433.22	370.07
FT Gold mines	614.80	651.50	367.2
FT Govt secs	81.81	81.83	79.05
TOKYO			
Nikkei-Dow	9280.30	9272.56	7071.10
Tokyo SE	684.68	683.62	531.27
AUSTRALIA			
All Ord.	706.50	714.90	520.40
Metals & Mins.	567.30	570.00	421.50
AUSTRIA			
Credit Aktien	54.94	54.92	47.87
BELGIUM			
Belgian SE	131.51	129.11	101.89
CANADA			
Toronto Composite	2571.00*	2571.70	1653.80
Montreal Industrials	463.03*	463.23	304.40
Combined	435.72*	435.97	286.48
DENMARK			
Copenhagen SE	198.39	199.27	87.39
FRANCE			
CAC Gen	136.10	136.50	100.40
Ind. Tendance	145.40	145.80	116.70
WEST GERMANY			
FAZ-Aktien	313.33	314.73	237.15
Commerzbank	930.20	934.60	718.30
HONG KONG			
Hang Seng	closed	849.06	1121.85
ITALY			
Banca Comm.	195.67	194.13	159.83
NETHERLANDS			
ANP-CBS Gen	141.30	141.00	88.10
ANP-CBS Ind	113.50	112.50	68.30
NORWAY			
Oslo SE	209.57	211.29	104.70
SINGAPORE			
Straits Times	987.39	980.53	659.66
SOUTH AFRICA			
Golds	905.70	905.70	664.30
Industrials	952.50	952.50	653.60
SPAIN			
Madrid SE	115.47	114.77	89.48
SWEDEN			
J & P	1479.32	1488.97	658.89
SWITZERLAND			
Swiss Bank Ind	336.20	337.00	252.00
WORLD	Sep 21	Prev	Yr ago
Capital Int'l	181.10	179.90	137.20

GOLD (per ounce)

	Sept 22	Prev
London	$408.50	$411.00
Frankfurt	$409.25	$412.98
Zürich	$408.50	$411.75
Paris (fixing)	$411.93	$413.15
Luxembourg (fixing)	$411.00	$412.00
New York (Sept)	$410.50*	$411.90

* Indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Sept 22	U.S. DOLLAR Previous	STERLING Sept 22	STERLING Previous
$	–	–	1.4980	1.5065
DM	2.6780	2.6660	4.015	4.025
Yen	242.50	242.05	365.50	366.00
FFr	8.0950	8.0550	12.14	12.17
SwFr	2.1685	2.1605	3.25	3.25
Guilder	2.9980	2.9805	4.48	4.50
Lira	1,617.50	1,601.05	2,405.00	2,410.00
BFr	54.05	53.83	81.85	82.22
C$	1.2335	1.2323	1.8462	1.855

INTEREST RATES

	Sept 22	Prev
Euro-currencies [three month offered rate]		
£	9⅝	9⅝
SwFr	4 9/16	4⅝
DM	5 13/16	5¾
FFr	14⅛	14⅜
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 15/16	9 15/16
6-month U.S.$	10 1/16	10
U.S. Fed Funds	9⅝*	9¼
U.S. 3-month CDs	9.55*	9.30
U.S. 3-month T-bills	8.97*	8.96

U.S BONDS

	Sept 22 Price	Sept 22 Yield	Prev Price	Prev Yield
Treasury				
10⅜ 1985	100 5/32*	10.58*	100 5/32	10.70
10¾ 1990	101 1/32*	10.46*	96 5/32	11.53
11⅞ 1993	101 11/32*	11.63*	101 13/32	11.61
12 2013	102 9/32*	11.63*	103 3/32	11.62
Corporate				
AT & T				
10⅜ June 1990	93.72*	11.75*	93¾	11.75
3⅞ July 1990	68½*	10.50*	69	10.35
8⅝ May 2000	75⅝*	12.20*	76	12.15
Xerox				
10⅞ March 1993	91.55*	12.15*	92⅞	11.90
Diamond Shamrock				
10⅜ May 1993	91 *	12.25*	91	12.25
Federated Dept Stores				
10⅜ May 2013	87.104*	12.25*	87.45	12.20
Abbot Lab				
11.8 Feb 2013	96⅞*	12.20*	97.175	12.15
Alcoa				
12⅜ Dec 2012	96⅛*	12.75*	96.509	12.70

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	71–26*	71–29*	71–00*	71–19*
U.S. Treasury Bills (IMM) $1m points of 100%				
September	90.00	90.08	89.99	90.07
Cert Deposit (IMM) $1m points of 100%				
September	90.67	90.67	90.60	90.66
LONDON				
Three-month Eurodollar $1m points of 100%				
December	89.98	90.05	89.95	90.10
20-year Notional Gilt £50,000 32nds of 100%				
September	105–09	105–09	105–08	105–10

COMMODITIES

(London)	Sept 22	Prev
Silver (spot fixing)	783.75p	788.50p
Copper (cash)	£1024.00	£1015.05
Coffee (Sept)	£1772.00	£1770.00
Oil (spot Arabian light)	$28.62	$28.65

WORLD STOCK MARKETS

AUSTRIA

Sept. 22	Price Sch%	+ or —
Creditanstalt	211	......
Goesser	317	—2
Interunfall	400	......
Landerbank	210	......
Perimooser	343	+2
Steyr Daimler	162	......
Veitscher Mag	208	......

BELGIUM/LUXEMBOURG

Sept. 22	Price Frs.	+ or —
ARBED	1,090	+20
Banq Intl A Lux	4,600	......
Bekaert B	2,900	......
Ciment CBR	2,000	+75
Cockerill	160	+6
Delhaize	4,700	—10
EBES	2,310	+85
Electrobel	6,250	+110
Fabrique Nat	2,450	......
G.B.L. Inno	2,200	+40
GBL (Brex)	2,310	+60
Gevaert	2,500	+230
Hoboken	4,750	+80
Intercom	1,860	+90
Kredietbank	6,400	+30
Pan Hldgs	2,150	......
Petrofina	5,270	+30
Royale Belge	7,100	......
Soc. Gen. Banq	2,880	......
Soc. Gen. Belge	1,950	+70
Sofina	5,110	+125
Solvay	3,250	+70
Traction Elect	3,555	+155
UCB	5,780	+10
Vieille Mont	3,495	+65

SINGAPORE

Sept. 22	Price $	+ or —
Boustead Bhd	2.98	+0.02
Cold Storage	5.55	+0.05
DBS	0.75	+0.15
Fraser & Neave	6.4	+0.1
Genting	4.04	+0.02
Haw Par	2.8	+0.06
Inchcape Bhd	3.06	......
Malay Banking	9.85	+0.35
Malay Brew	5.8	—0.1
OCBC	10.8	—0.1
Sime Darby	2.59	+0.04
Straits St'mship	1.23	......
Straits Trdg	6.6	......
UOB	6.45	+0.16

SOUTH AFRICA

Sept. 22	Price Rand	+ or —
Abercom	2.75	+0.05
AE & CI	9.6	......
Anglo Am. Coal	27.75	—0.25
Anglo Am	23.6	—0.6
Anglo Am. Gold	136	—1.5
Barclays Bank	17.25	+0.14
Barlow Rand	13.35	—0.05
Buffels	64	—3
CNA Gallo	2.9	......
Currie Finance	4.0	......
De Beers	30.1	—0.2
Driefontein	37.25	—1.5
FS Geduld	61	—2.25
Gold Fields S.A.	108.5	—2
Highveld Steel	6.8	......
Nedbank	14.5	+0.4
OK Bazaars	24.35	+0.1
Protea Hldgs	2.95	—0.05
Rembrandt	26	—0.25
Rennies	14	......
Rustenburg	11.65	—0.7
Sage Hldgs	6.75	—0.05
SA Brews	7.6	......
Smith (C.G.)	23	—0.4
Tongaat Hulette	2.2	+0.1
Unisec	5.80	......

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK-DOW JONES

	Sep 22	Sep 21	Sep 20	Sep 19
Industrials	1257.52	1243.29	1248.19	1233.94

	Sept. 22	Sept. 21	Sept. 20	Sept. 19	1983 High	1983 Low
AUSTRALIA All Ord. (1/1/80)	786.5	714.9	715.3	717.1	736.7 (12/8)	407.8 (4/1)
Metals & Mins. (1/1/80)	561.3	579.1	580.4	581.2	614.2 (5/8)	411.8 (4/1)
AUSTRIA Credit Aktien (2/1/62)	54.84	54.92	55.02	55.05	58.8 (5/5)	48.48 (16/2)
SWITZERLAND SwissBankCpn. (31/12/58)	336.2	337.0	336.0	328.4	347.0 (4/8)	284.4 (4/1)
WORLD Capital Intl. (1/1/70)	—	181.1	181.9	179.8	182.7 (22/8)	154.4 (8/1)

(**) Saturday Sept 17: Japan Dow 8182.07. TSE 678.64.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. †Excluding bonds. ‡ 400 Industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable

LONDON STOCK EXCHANGE

MARKET REPORT

Undertone remains firm as market anticipates successful BP tender—Golds weak

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
Sept 5	Sept 15	Sept 16	Sept 26
Sept 19	Sept 29	Sept 30	Oct 10
Oct 3	Oct 13	Oct 14	Oct 24

* "New-time" dealings may take place from 9.30 am two business days earlier.

The undertone in London Stock markets remained quite firm yesterday but the volume of business again left much to be desired. Operators continued to hold off awaiting the outcome of the BP tender offer—applications for the Government's sale by tender of 130m shares must be received by 10 am today, and dealings are scheduled to start on Monday.

Growing conviction that the offer will be a success—suggestions were that it may be up to six times oversubscribed—and continuing optimism about short-term interest rates underpinned markets.

Despite opening easier in sympathy with Wall Street's overnight fall, leading blue chips rallied on small demand with the recently depressed Electrical leaders showing up well. A fairly lengthy list of company announcements provided features elsewhere. **Dunlop** reacted 4 to 57p following the interim report and details of the deal with Sumitomo of Japan, while **Vickers** softened on the uninspiring half-year figures. Other FT 30-share Index constituents were better for choice and this measure, 1.9 down at 10 am, rallied to close 2.1 up at the day's best of 708.1. Dealers were looking for a further improvement once the BP share sale is out of the way and the bulk of the estimated £1.5bn tied up in the issue becomes available for reinvestment.

The Oil sector claimed a fair amount of attention with **BP** among the firm spots with the help of heavy option business, while **Burmah** were active on reports, later denied, that Mr Gerald Ronson's Heron Corporation may be preparing to bid for the group. Irish exploration stocks returned to prominence in response to revived speculative support.

Gilts took a breather after leading the general move towards higher levels this week. Following the exhaustion of official supplies late on Wednesday of the partly-paid short tap stock, **Treasury 10 per cent 1987**, at 20½, the market in short maturities became hesitant. But prices picked up reflecting continuing hopes of an early ½ point cut in clearing bank base rates. The Bank of England, however, held to previous dealing rates which prompted renewed uncertainty and the tone at the close was mixed. Longer-dated issues meanwhile retrieved early falls of ¼ to finish up to ⅜ better on balance.

Minet strong

South African Gold shares turned weak as the lower metal price and U.S. selling in a reluctant market left the FT Gold Mines index, 36.7 down at 614.8, nursing its biggest one-day fall for five months.

Banking features were few but included **Grindlays**, 7 up at 135p following demand aroused by recovery prospects, and **Hambros** which, on scattered selling, fell 6 to 118p.

Insurance Brokers responded strongly to **Minet**'s good interim results and forecast of a materially increased dividend. **Minet** advanced 10 to 125p, **Willis Faber** 14 to 557p and **Stewart Wrightson** 8 to 243p; the last-named is in talks with Samuel Montagu regarding the latter's acquisition of Galbraith Wrightson Shipping.

Energy systems metering concern **Mainmet Holdings** staged a satisfactory debut in the Unlisted Securities Market and closed at 70p compared with the placing price of 63p. **Real Time Control**, still reflecting the agreement with W. and T. Avery, rose 10 more to 210p.

Apart from **Barratt Developments**, which gave up 16 to 206p on further consideration of the preliminary results, leading Buildings traded on a quietly firm note. **Redland** hardened a couple of pence to 242p following the annual meeting statement, while **RMC**, still reflecting the impressive interim figures, firmed 2 more to 364p. **Cement Roadstone** revived after a period in the doldrums and gained 3½ to 51½p. Following the previous day's jump of 17, **Helical Bar** reacted 5 to 78p on the board's warning that any bid for the company was not likely to match Wednesday's closing level. **Newarthill** lost 5 to 590p following the uninspiring half-yearly figures, but **Tilbury Group** firmed 4 to 8p in response to a press mention; the latter's interim results are due next Wednesday. **Wettern Brothers** gained 3 to 73p; the company has reached agreement for the disposal of the lease it holds of the 10th and 11th floors of Wettern House, Croydon, for £315,000. **Edward Jones**, where a major stake in the company recently changed hands, attracted fresh support and firmed 2 to a 1983 peak of 41p.

A couple of pence easier initially, **ICI** picked up and closed 4 dearer on balance at 534p. Comment on the interim results left **Laporte** 10 down at 298p, after 296p, but fresh buying in a thin market lifted **Ellis and Everard** 8 for a two-day gain of 10 to 206p. **Novo Industries** B lost 4½ points to £237.

Leading Stores staged a revival but the sector's main feature was the continued recovery of High Street Jewellers; **James Walker Goldsmith and Silversmith**'s view of current prospects increased optimism on this score and the latter's ordinary rose 10 to 60p, while the non-voting jumped 8 to 48p. **H. Samuel A** gained 6 more to 121p, after 124p, and **Ratners** put on 2 further to 46p. Elsewhere, **John Menzies** advanced 8 to 298p on higher interim profits, while **Cantors A** picked up 4 to 68p after a tip-sheet mention.

Leading Electricals staged a notable revival. **Racal** picked up 8 to 210p after the previous day's reaction on the big share placing, while **Cable and Wireless**, a dull market recently on the Hong Kong political situation, rallied 7 to 457p. **BICC** improved 8 to 245p and **GEC** closed 6 dearer at 198p, after 200p. **Memec** advanced 15 to 520p in response to the interim figures and proposed scrip issue while **Lorlin Electronics**, reflecting good half-year profits, put on 7 to 137p. Other secondary issues to show to advantage included **Cray**, 7 higher at 135p, and **Sound Diffusion**, 8 up at a fresh peak for the year of 116p. **Arlen**, in contrast, met renewed selling and gave up 7 to 173p.

Leading Engineers were inclined firmer at the close of business, but **Vickers** eased 4 to 116p following the half-year results which failed to inspire. Elsewhere, **Brown and Tawse** featured with a rise of 9 to 92p on the announcement that Caparo Industries had acquired a 5.28 per cent stake in the company. **Haden**, in contrast, dipped 35 to 220p on the disappointing interim statement, while **Adwest**, down 12 at 228p, failed to benefit from the increased annual dividend and profits and proposed one-for-two scrip issue. **Glynwed** found support and put on 4 to 107p, while buyers continued to nibble at **Birmid Qualcast**, 2 firmer at 50p. Other bright spots included **Evered**, 6 higher at 98p, and **Spear and Jackson**, 4 to the good at 114p.

Rowntree Mackintosh hardened a couple of pence to 210p, the increased dividend and the board's confident statement outweighing some disappointment with the interim profits. Elsewhere in Foods, **Bishop's Group** came back 40 to 270p and the A 25 to 240p in the absence of bid developments. **Hillards** attracted occasional support and put on 12 to a 1983 peak of 254p, while **William Morrison** gained 14 to 202p, the latter in response to the good interim figures.

De Vere Hotels put on 9 to 262p on bid hopes, but **Stakis** eased 1½ to 72p following acquisition news. Elsewhere in Hotels and Caterers, **Wheeler's** rose 10 to 480p; bidders **Kennedy Brookes** edged up a penny to 248p.

BTR went 10 higher to 537p, but other principal movements among miscellaneous Industrials were confined to secondary stocks. Interim trading statements brought favourable reactions to **NMW Computers**, 13 up at 240p, **Astbury and Madeley**, 5 better at 95p, and **Sandhurst Marketing**, 6 higher at 96p, but lower mid-way profits saw **George Wills** ease 2 to 158p. **Steetley** were also easier at 218p, down 4, following first-half results, but **Whatman Reeve Angel** rose 13 to 635p after the mid-term announcement.

Outstanding rises were achieved by **Applied Computers**, 428p, and **Dellands**, 270p, both up 18, while **Chubb**, 143p, and **Dalgety**, 404p, rose 8 apiece, the last-named in continued response to the record profits. Others worthy of mention included **London and Northern**, 71½p, **Granada "A,"** 158p, and **Fitzwilton**, 59p, all around 6 higher. **Rank Organisation** returned to favour with a gain of 5 to 187p, but **Associated British Ports** ran into profit-taking and closed 8 down at 208p.

The Leisure sector displayed several bright spots. **Pineapple Dance Studios** rose 13 to 118p in response to Press comment, while **GRA**, still on bid hopes, firmed a penny more to 39p. **Intervision** also found fresh support and firmed 2 to 28p.

Dunlop's interim figures caused no surprise, but details of the deal with Sumitomo disappointed the market and the shares, a penny firmer ahead of the announcement, reacted to close 4 down on balance at 57p.

News International rose 15 to a 1983 peak of 325p, while **United Newspapers**, quoted ex-all, hardened 3 to 340p; the latter's new nil-paid shares opened at 28p premium and closed at 30p premium.

The continued absence of buyers gave Properties a drab appearance, but quotations tended to edge off the bottom as the session drew to a close. **Land Securities** ended 3 cheaper on balance at 309p, after 308p, while **MEPC** finished a penny off at 211p, after 210p. **Stock Conversion** softened 3 to 275p and **Capital and Counties** a couple of pence to 140p. Elsewhere, **Regentcrest** shed 2 to 22½p following the poor annual figures, while **A. and J. Mucklow** lost the turn to 78p after the uninspiring preliminary statement.

Further consideration of the interim figures encouraged demand for **Bats** which pushed ahead to close around the day's best with a gain of 8 at 144p.

Park Place responded to good annual results and the proposed one-for-five scrip issue with a rise of 8 to 193p. Elsewhere in Financials, **Exco International** were firm again at 515p, up 10.

Oil shares ended the day on an extremely firm note with **BP** advancing 8 to 438p as the market become increasingly optimistic about a successful response to the Government's tender offer of shares. **Shell** improved 4 to 616p and **Britoil** a similar amount to 262p, while **Lasmo** closed 16 to the good at 333p. **Tricentrol** rallied 8 to 230p after the previous day's setback on the interim figures. **Burmah** advanced to 180p in brisk trading on fresh bid suggestions before closing only 2 up on balance at 175p following a Heron International spokesman's denial of bid intentions. Irish exploration stocks were actively traded with **Atlantic Resources** closing 20 higher at 460p, after a leap to 520p at one stage. **Aran** ended 4 up at 50p, after 53p. Elsewhere, further profit-taking left **Moray Firth** 10 lower at 55p.

Rising palm oil prices directed attention towards Plantations where **Malaysia** jumped 17 to 130p. **Doranakande** rose 7 to 125p and **Sungei Bahru** 5 to 153p.

Golds weak

Mining markets were highlighted by marked weakness in South African Golds and related issues.

Heavily sold in overnight New York markets, the shares opened sharply lower in London and continued to lose ground throughout the session before steadying in the late trade.

The early selling emanated from overseas, in particular the Continent, and was thought to have reflected rumours of possible International Monetary Fund gold sales.

Bullion retreated to close a net $2.50 lower at $408.625 an ounce, while the Gold Mines index registered its biggest one-day fall since last April and showed a 36.7 drop at 614.8.

Leading heavyweights bore the brunt of the selling with losses in excess of £3 common to Randfontein, £93¾, and Vaal Reefs, £80¾, while falls of around £2 were seen in Winkelhaak, £31½, Hartebeest £51½, Libanon, £23¾, and President Brand, £31.

Cheaper-priced stocks were featured by **ERGO**, which gave up 31 to 464p and **Western Areas**, down 28 at 430p.

The selling of Golds spilled over into Financials and Platinums. In the latter, falls of 25 were common to Impala and Rustenburg at 570p and 710p respectively.

RTZ made a firm start, rising to 654p following favourable Press comment on the sharply higher interim figures, but encountered sellers thereafter to close a net 10 down at 640p.

The downturn in Sydney overnight, the closure of Melbourne for a State holiday and recent weakness in metal prices combined to leave Australians showing losses across the board.

In the leaders, Western Mining dropped 10 to 266p and MIM 7 to 238p.

Elsewhere, Sahina Industries gave up 7 to 98p owing to speculative selling.

Traded Option business was again featured by a heavy turnover in BP in which 1,532 deals were done; 1,642 were calls with 859 transacted in the October 120 series. The total of contracts completed more than doubled from the previous day's 1,310 to 2,943 yesterday.

FINANCIAL TIMES STOCK INDICES

	Sept. 22	Sept. 21	Sept. 20	Sept 19	Sept. 16	Sept. 15	year ago
Government Secs. ...	81.81	81.83	81.86	81.71	81.15	80.82	79.06
Fixed Interest.........	83.84	83.91	83.86	83.66	83.31	83.14	78.57
Industrial Ord..........	708.1	706.0	705.2	705.3	694.2	686.9	577.2
Gold Mines...............	614.8	651.5	653.1	647.6	642.1	647.1	367.2
Ord. Div. Yield.........	4.83	4.88	4.85	4.85	4.92	4.91	6.00
Earnings, Yld.% (full)	9.53	9.59	9.57	9.57	9.72	9.69	11.06
P/E Ratio (net) (*)......	13.12	13.04	13.06	13.07	12.87	12.80	10.84
Total bargains.	19,909	19,456	20,684	20,586	19,696	18,632	17,370
Equity turnover £m.	—	194.34	166.57	170.93	225.50	234.82	182.37
Equity bargains.........	—	16,119	16,438	18,228	19,053	15,969	16,777
Shares traded (ml)...	—	117.9	111.8	114.3	156.9	137.7	98.3

10 am 704.1. 11 am 705.0. Noon 706.2. 1 pm 706.6.
2 pm 707.1. 3 pm 707.8.

Basis Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/58. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 12.34.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs...	83.60 (13/6)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.....	84.74 (15/6)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord......	740.4 (22/6)	598.4 (12/1)	740.4 (22/6/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	631.5 (29/3)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 21	Sept. 20
—Daily		
Gilt Edged Bargains..	158.4	174.6
Equities Bargains ..	104.4	106.5
Value	392.8	336.7
5-day Avrge:		
Gilt Edged Bargains...	157.0	152.0
Equities Bargains ...	112.5	109.8
Value.........	400.5	390.8

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section (Thur Sept 22 1983: Index No., Day's Change %, Est. Earnings Yield % (Max.), Gross Div. Yield % (ACT at 30%), Est. P/E Ratio (Net); Wed Sept 21, Tues Sept 20, Mon Sept 19, Fri Sept 16 Index No.; Year ago (approx) Index No.)

[illegible]

FIXED INTEREST

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 12,667

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. T Figures assumed. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ‡ Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. † Effective issue price after scrip. † Formerly dealt in under Special Rule. †† Dealt in under Rule 163 (3).

NEW HIGHS AND LOWS FOR 1983

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	14	32	54
Corpns. Dom. & Foreign Bonds	12	2	64
Industrials	237	169	967
Financial & Props.	75	91	391
Oils	29	24	58
Plantations	9	1	12
Mines	11	86	69
Others	48	60	85
Totals	435	463	1,660

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

	Closing price pence	Day's change
Amax Energy	[illegible]	[illegible]
Atlantic Res	460	+20
BAT Inds	144	+8
Burmah Oil	175	+2
BP	438	+8
GEC	198	+6
Kloof Gold	[illegible]	[illegible]
Lasmo	333	+16
Lonrho	[illegible]	[illegible]
Minet Holdings	125	+10
Racal Elect	210	+8
RTZ	640	−10
Walker (James)	60	+10

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sept 12	Sept 23	Dec 8	Dec 19
Sept 26	Oct 7	Dec 22	Jan 3
Oct 10	Oct 21	Jan 5	Jan 16

For rate indications see end of Share Information Service

Money was given for the call of First National Finance, Elextech, Barratt Developments, Atlantic Resources, GEC, UKO International, ICL, John Brown, Guinness Peat, Sterling Guarantee, Kio Ora and GRA Property. No puts were reported, but double options were arranged in Hoover A and Inter-City.

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Kleinwort Ben	14	327	−21
Racal Elect	14	204	−11
RTZ	14	650	+10
Tricentrol	14	222	−16
Consultants (Comp & Fin)	13	500	+25
Glaxo	13	785	−25
Gromier Cons	13	52	+2
B. H. Prop	13	724	−2
Cable & Wire	12	450	−2
Edensgring Invs	12	114	+2
Shell Trans	12	614	+2
Bowater	11	212	+7
Std Tel & Cble	11	258	+8
Aitken Hume	10	200	+5

LONDON TRADED OPTIONS

[illegible]

Sept. 22 Total Contracts 2,943 Calls 2,402 Puts 541

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102⅞	100⅛	Exch. 13½pc '83	100⅛	–⅛	13 43	9 47
100⅞	98⅛	Exch. 10pc 1983	100⅛		9 99	9 22
99¼	96¼	Funding 5½pc '82-84‡‡	99⅝	..	5 55	0 00
101¼	99½	Exch 11¼pc 1984 ..	100⅞	...	11 16	8 99
104⅛	100⅞	Exchequer 14pc 1984.	102⅞	..	11.65	9.75
95⅛	92½	Exch. 3pc 1984	95⅝		3 14	9.19
102⅞	100⅞	Treasury 12pc 1984.	102¼xd	–⅛	11.74	9 59
107⅞	102⅞	Treasury 15pc 1985	102⅞	–3⅛	14 16	10.30
107	101⅞	Exch. 12pc Cnv '85 ..	102⅞	..	11.68	10.10
92⅛	88⅝	Treasury 3pc 1985 ...	92¼	.	3.25	0.06
102⅛	99⅞	Treasury 11½pc 1985.	102⅞	–⅛	11.24	10.01
102	95	Treas 8¼pcCnv '85 ..	98½	–⅛	8 88	9.59
103⅝	100⅛	Exch 12¼pc 1985 ...	103⅛		11 85	10.41
102⅞	99⅞	Exch. 11¼pc '86 ..	102⅛	.	11.47	10 57
101⅛	97¼	Treas 10pc Cnv 1986	100⅞	–⅛	9 96	9 80
88½	85⅝	Treasury 3pc 1986 ..	87½	..	3 43	0.33
101⅞	97⅞	Exch. 10½pc Cv '86 .	100⅛	–⅛	10 49	10.42
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—continued

Financial

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102¼	100⅞	Inv in Ind 14pc 1983	101	.	11 86	9.36
96¼	92	Do 6¼pcDb '81-84	96¼xd		6 46	9.25
106½	96⅛	Do 10¾pc Uns Ln '86	100	...	10.76	11 70
104	96½	Do 11pc Uns Ln '88	100		11 28	11 75
104½	97⅛	Do 11⅛pc Uns Ln '90	101	...	11 93	12 10
106½	92½	Do 12¼pc Un. Ln 1992	103½xd		12 08	11 80
78¼	74½	Do 7¼pc 'B' Deb '89-92	77⅛	–⅛	9 70	11.80
77½	70⅛	Do 7¼pcADeb. '91-94	74½xd		9 73	11 35
87⅛	80½	Do 9pc 'A' '91-94 .	85xd		10.59	11 43
86	72⅞	Do 8⅞pcLn '92-97	83		10 87	13.45

Building Societies

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100⅛	99⅛	N'wide 11¼pc 3 10 83	100⅛	.	—	—
99⅞	98	Do 9⅞pc 31 10 83	99⅞		9 95	10 45
99⅞	98	Do 9⅞pc 28 11.83.	99⅞xd		9 89	10 30
100½	99⅛	Do 11¼pc 19 12 83 .	100¼xd	.	11.24	10.39
100⅞	99	Do. 11⅞pc 23.1.84 .	100½		11 82	10 07
100⅞	100	Do. 11⅞pc 13.2.84 .	100½	.	11 82	10 42
100⅛	99	Do. 11¼pc 19 3 84 .	100½xd	..	11 19	10.35
100¼	99⅞	Do 11¼pc 9.4.84 .	100¼xd	...	11 17	9.88
100¼	99½	Do 10⅞% 30/4/84.	100⅛	.	10 67	10 52
100½	99⅞	Do 10⅞% 29.5.84 .	100⅛	.	10 85	10.48
100⅞	99½	Do 10⅞pc 18.6.84.	100⅛	.	10.86	10.45
100	99½	Do 10½pc 9.7 84	99⅞	.	10.58	10 74
100¼	99⅞	Do. 10⅞pc 30.7.84.	100¼	...	10 85	10.59

FOREIGN BONDS & RAILS

1983 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
15	8	Chinese 4½pc 1898	15	+2	—	—
11	10	Do. 5pc 1912 ..	11	+1	—	—
11	8	Do. 5pc 1913 ..	10	+1	—	—
8	5½	Do 5pc '25 Boxer	7½	...	—	—
48	40	Greek 7pc Ass. ..	48xd		3½	17 29
46	41	Do. 6pc 28 Stb. Ass.	46	...	3	16.59
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued.

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—continued

Australians

[illegible]

Tins

[illegible]

Miscellaneous

93	54	♥Anglo Utd. Dev.	80		—	—	—
169	60	♥Colby Res Corp	150		—	—	—
530	315	Cons. Murch. 10c	525		†Q60c	1.9	‡
240	170	Hampton Areas 10p	238		3.75	2.1	2.1
215	103	♥Highwood Res.	200	-18	—	—	—
£24½	£10	Homestake Mining $1	£21½	-⅝	hQ20c	—	0.6
495	330	Northgate C$1	380	-5	—	—	—
672	437	R.T.Z.	640	-10	17.0	2.9	3.0
£147½	£108	[illegible]	£142	+3½	Q9½%	32.5	16.8
190	13	♥Sabina Inds C$1	98	-7	—	—	—
		For Southwest Res see Oil & Gas					
710	312	♥Tara Exptn $1	700	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ✚ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♣ Merger bid or reorganisation in progress.
- ✚ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ◆◆ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures [illegible]

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

Craig Ship £1	[illegible]		Heiton (Hldgs.)	17	
Higsons Brew	87		Irish Ropes	33	
Holt (Jos) 25p	910		Jacob	85	
I.O.M. Stm. £1	142	-3	T.M.G.	68	
Pearce (C. H.)	475		Unidare	73	

OPTIONS

3-month Call Rates

Industrials		House of Fraser	26	Utd. Drapery	14
Allied-Lyons	15	I.C.I.	45	Vickers	12
BOC Grp.	22	"Imps"	11	Woolworth Hld.	30
B.S.R.	28	I.C.L.	8½		
Babcock	18	Ladbroke	22	**Property**	
Barclays Bank	45	Legal & Gen.	45	Brit. Land	8½
Beecham	32	Lex Service	36	Cap. Counties	15
Blue Circle	40	Lloyds Bank	48	Land Sec.	30
Boots	20	"Lots"	3½	MEPC	22
Bowaters	24	London Brick	10	Peachey	16
Brit. Aerospace	19	Lucas Inds.	18	Samuel Props.	12
B.A.T.	14	"Mams"	12	Town & City	5
Brown (J.)	4	Mrks. & Spncr.	20		
Burton Ord.	35	Midland Bank	40	**Oils**	
Cadburys	11	N.E.I.	18	Brit. Petroleum	40
Courtaulds	18	Nat. West. Bank	55	Burmah Oil	19
Debenhams	14	P & O Dfd.	21	Charterhall	0
Distillers	21	Plessey	18	KCA	7
Dunlop	6	Racal Elect.	45	Premier	6½
Eagle Star	45	R.H.M.	7	Shell	55
F.N.F.C.	6	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	45	Reed Intnl.	32	Ultramar	68
Gen. Electric	20	Sears	8½		
Glaxo	75	T.I.	16	**Mines**	
Grand Met.	32	Tesco	16	Charter Cons.	30
G.U.S. 'A'	58	Thorn EMI	55	Cons. Gold	60
Guardian	50	Trusthouse	18	Lonrho	10
G.K.N.	18	Turner & Newall	7	Rio T. Zinc	65
Hawker Sidd.	32	Unilever	70		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

Authorised Units—continued

[illegible]

Offshore and Overseas—continued

[illegible]

Insurances—continued

[illegible]

Gilt Edged	98.5	101.7	....	—
C40 Growth	142.6	150.2	+0.2	—
Technology	171.4	180.5	+0.4	—
Nat Res	131.2	146.8	−0.4	—
Spec Sit.	191.3	201.1	+1.2	—
N America	228.0	240.1	−0.4	—
Far East	142.6	150.2	+0.2	—
Property	116.0	122.0	....	—
Managed	186.5	196.4	....	—
Deposit	117.0	123.2	....	—

Property FD	97.4	102.7	....	—
Fixed Int FD	100.2	105.5	+0.1	—
Money Fd	97.5	102.6	....	—
Equity FD	110.6	116.7	+0.6	—

Windsor Life Assurance Co Ltd
Royal Albert Hse, Sheet St, Windsor. 68144

N Amer FD	210.6	221.7	....	—
Far East Fd	127.5	134.3	....	—
FutAssGth	77.0(A)	65.0(B)	....	—
Ret Assd Pen		52.36	....	—

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Duncan Lawrie Fnd. Mgrs. (g)
1, Hobart Place, London SW1W 0HU. 01-245 9321

Growth	19.5	21.0	....	3.6
Income	34.5	37.1	....	9.4
Overseas	70.9	76.3	−0.2	3.00

For E. F. Winchester see Oppenheimer Practical Fund Management

Edinburgh Fund Managers Ltd.
4 Melville Cres., Edinburgh. 031-226 4931

Edinburgh Exempt Funds*

American Sept 21	114.5	119.4	....	2.02
Japan Sept 22	487.7	508.5	....	0.39
Pacific Sept 23	154.3	161.2	−1.6	1.27

*Unauthorised.

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

UK Gwth. Tst. Acc.	83.2	89.4	+0.3	3.56
UK Gwth. Tst. Inc.	78.7	84.6	+0.2	3.56
Higher Inc. Tst. Acc.	100.3	107.8	+0.2	6.55
Higher Inc. Tst. Inc.	92.6	99.5	+0.2	6.55
Gilt/Fxd. Int. Tst. Acc.	74.4	78.8	+0.2	3.82
Gilt/Fxd. Int. Tst. Inc.	69.3	72.9	+0.2	3.82
Nth. America Tst. Acc.	110.6	118.9	−0.4	0.35
Far East Tst. Acc.	68.5	73.6	+0.6	0.49
Gen. Tst.	140.7	151.2	....	3.26

F & C Unit Management
1 Laurence Pountney Hill, EC4R 0BA. 01-623 4680

F & C Amer.	—	50.0	....	1.00
F & Cap. Fd	72.5	78.4	+0.4	2.63
F & C Income Fd.	45.6	49.3	+0.2	6.77
Far Eastern Unit FD	35.9	38.8	....	1.18

FFI & Target Fund Managers Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

Small Co's. Fd.	79.4	85.4	+0.8	0.23

Fidelity International Management Ltd.
River Walk, Tonbridge, Kent (0732) 362222

American (z)	77.8	83.7	−0.4	0.60
Amer. Spec. Sits. (z)	54.6	58.8	+0.1	—
Gilt & Fixed Int.	34.4	36.4	+0.1	10.71
Growth & Income	45.4	48.9	+0.3	5.55
Japan Trust (z)	46.2	49.7	+0.4	—
Managed Int. Tst. (z)	67.7	72.9	−0.3	0.31
Max. Inc. Eq. Tst.	40.1	43.3	+0.3	7.43
Special Sits.	68.6	74.3	+0.4	0.74

Henderson Administration (a) (b) (c)
Premier UT Admin, 5 Rayleigh Rd, Hutton, Brentwood, Essex. 0277 217238

U.K. Funds

Special Sits.	71.3	76.7	....	1.37
(Accum. Units)	96.8	104.1	−0.1	1.37
Recovery	57.5	62.2	−0.1	3.12
Cap. Growth	137.7	148.1	+0.4	1.61
Acc. Units	153.1	164.6	+0.5	1.61
Inc. & Assets	52.5	56.4	−0.1	5.03

High Income Funds

Inc. & Growth	72.0	76.6	....	4.50
(Accum. Units)	126.4	134.5	+0.1	4.50
High Income	88.9	95.6	+0.1	6.46
Extra Inc.	82.3	88.5	+0.6	6.86
Smaller Cos. Div.	59.6	64.1	+0.1	6.74
Pref. & Gilt	45.6	48.5	....	11.66
Gilt Trust	46.4	49.9	....	9.00
Fixed Interest	50.1	53.3	....	10.89

Sector Funds

Financial	64.2	69.0	....	3.88
Oil & Nat. Res.	84.6	90.0	....	1.38

International

Global Health	—	50.0	....	0.10
Global Tech.	87.7	94.3	+0.2	0.25
International	99.8	107.1	+0.1	0.44
World Wide Sept 16	224.9	239.3	....	3.40

Overseas Funds

Australian	73.7	79.7	−0.2	0.39
European	99.6	107.1	+0.7	1.20
Japan Trust	61.5	66.1	+0.2	0.02
Japan Special Sits.	44.6	47.5	+0.2	0.01
Pacific Sm. Cos.	118.6	127.7	−0.4	0.57
North Amer.	114.7	123.3	+0.1	0.26
American Smaller	51.3	55.2	−0.2	0.01
Amer. Recvry. Tst.	95.4	102.6	−0.6	1.25

Exempt Funds

High Income (b)	186.1	193.9	+0.5	6.28
Smlr. Cos. (b)	256.0	266.7	+1.0	2.59
European Sept 23	201.9	210.3	−2.4	1.17
Japan Sept 23	228.7	238.2	+0.4	0.46
Nth American Sept 23	337.4	352.0	+8.6	0.75
Global Technology	199.6	207.9	+0.4	0.01
Pacific Exempt Tst.	116.3	121.1	−12.4	3.40

[illegible]

INSURANCES

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London WC2B 6NF. 01-404 0393

'Asset Builder'	66.4	69.3	.....	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511

Money Mngr Sept 15	61.7	66.0	.....	—
MM Flexible Sept 6	52.6	55.4	.....	—
Fixed Interest Sept 1	54.7	57.7	.....	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179
See adjacent Page Mon-Fri and Stock Exchange Page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	290.5	—	...	-12.2
Invest. Tst. Fd. Acc.	306.8	—	+0.1	—
Property Fund Cap.	117.1	—	.....	-4.3
Property Fund Acc.	173.3	—	.....	—
Flexible Fund Cap.	180.8	—	+0.1	-4.3
Flexible Fund Acc.	190.4	—	+0.2	—
Fixed Int. Fd. Cap.	139.0	—	+0.3	—
Fixed Int. Fd. Acc.	146.6	—	+0.3	—
Gtd. Deposit Fd. Cap.	138.9	—	+0.1	—
Gtd. Deposit Fd. Acc.	145.3	—	+0.1	—
Equity Fund Cap.	129.4	—	+0.3	—
Equity Fund Acc.	135.9	—	+0.3	—
International Fd. Cap.	139.2	—	...	—
International Fd. Acc.	146.1	—	...	—
Capital Gwth. Fd.	418.3	—	+0.3	—
Moneymaker Fund	367.8	—	+0.1	—
Exempt Inv Tst Cap.	407.2	—	-0.1	—
Exempt Inv Tst Acc.	422.4	—	...	—
Exempt Inv Tst NS	420.1	—	...	-8.3
Exempt Prty Cap	188.9	—	+0.1	—

4th Floor, Hutchison House, Hong Kong

Wardley Trust	$5.43	5.90	...	2.37
Wardley Nikko As. Fd.	$25.05	26.23		5.72
Wardley Bond Trust	$10.30	10.50		8.86
Wardley Japan Trust	$25.24	26.16	.	0.69

WestAvon Secs (Guernsey) Ltd
PO Box 214, St Peter Port, Guernsey 0481 27768

Gilt & Option Fd.	£1.16	1.16		2.50
US $ Option	$1.01	1.06		—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.19	+0.02	—

Inv. Adv., M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10 St. George's St., Douglas IoM 0624 25015

Wren Com. Fund.	26.1	27.1		—
Chinese Fund	65.9	68.7	-5.3	—
Precious Metal Fund	120.9	125.9		—
Vanguard Cmdy. Fd.	37.0	37.9	-2.0	—
Financial Futures Fd.	76.4	79.6	-2.4	—
Wren Intl Fnd	50.560	0.583	-0.005	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. § Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ψ Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

Amicable coffee settlement likely

By John Edwards

PROSPECTS look good for an amicable settlement at the International Coffee Agreement talks in London, which are due to end next week.

But reports from Geneva suggest that there is little hope of a new International Sugar Agreement emerging from the negotiations there.

Major disputes on a number of key issues, and dissension on the whole structure of the proposed new pact, make it almost certain that the sugar talks will end inconclusively on September 30 and will have to be continued next year, probably in February.

In London yesterday the International Coffee Organisation secretariat estimated that stocks held by producing countries would be around 38m bags (of 60 lb each) at the end of September.

It is thought the global export quota for the 1983-84 season will be agreed around last year's figure of 56m bags and that the agreement's price range of 120 to 140 cents a lb will remain unchanged.

There may, however, be some disagreements over producer suggestions to strengthen controls over exports of coffee to non-member countries, where prices are considerably lower.

In Geneva major sugar exporting countries have been holding private meetings in an effort to reconcile their differences over how the proposed new pact would work.

There is general agreement that EEC membership is vital to the success of any new pact, but the community is reported to be taking a hard line although details of how its system to regulate the world market would work are still somewhat hazy.

Record world wheat production predicted

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD WHEAT production this year will be a record, and so will the rice crop. But coarse grain supplies will be sharply down, according to the latest market report issued by the International Wheat Council yesterday.

The report predicts that world wheat production will reach 486m tonnes, 2m tonnes above last year's peak total. A decline in the U.S. wheat crop, from 76.4m to 66.3m tonnes, is expected to be more than offset by larger crops in Asia, particularly China, and a big rise in Australia to 17.3m against the 1982 drought-hit crop of only 8.7m tonnes. Carry over stocks at the end of 1983/84 are predicted to rise marginally to 118m tonnes.

World rice output is forecast at 120m tonnes (paddy basis), 1m tonnes above the 1982 record. But world production of coarse grains is expected to fall to 688m tonnes, 12 per cent down on the 1982 record of 785m tonnes.

World carryover stocks are forecast to slump from 159m to 92m tonnes by the end of the 1983/84 season.

Mainly responsible for the dramatic cut in production is a predicted decline in the U.S. crop from 255.5m tonnes last year to 142.8m. Output in the EEC and Canada is also expected to fall, but Soviet coarse grains production is put 15m tonnes up at 100m tonnes.

The report notes that over recent weeks the shortfall in U.S. maize and soyabean crops has forced up prices of all grains sharply, including wheat.

The report does not speculate on how much demand for feed quality wheat may be stimulated by the supply shortage of feedgrains and protein.

Our Commodities Staff writes: The upward surge in grain and soya futures markets ran out of steam yesterday. London soyabeanmeal futures closed lower, following the downward trend in early dealings on the Chicago Board of Trade.

Soyabeans and soya oil prices were holding steady, but there were declines in the soya meal, maize (corn) and wheat markets.

Weak £ aids base metals

BY OUR COMMODITIES EDITOR

THE FALL in the value of sterling against the dollar yesterday brought generally higher prices for base metals on the London Metal Exchange. Only nickel futures fell marginally.

Rumours of a possible strike at a big European zinc smelter helped push cash zinc up by £8 to £549 a tonne. Cash lead, which gained £5.5 to £269.25 a tonne, was also boosted by further U.S. producer price rises.

Higher grade cash copper gained £8.5 to £1,024 a tonne. However, there was little market reaction to a report from Lima that 4,000 workers at Southern Peru's Cuajone and Toquepala mines had gone on indefinite strike.

The two mines produce 75 per cent of Peru's total annual copper output of 400,000 tonnes, but there have been a series of short-lived "indefinite" strikes during the past year.

Continued support buying by the buffer stock of the International Tin Council pushed cash tin up by another £45 to £8,527.5 a tonne.

Reuter reported that the International Tin Council meeting in London this week had approved recommendations aimed at curbing tin smuggling.

Ivory Coast forecast pushes cocoa up

By Our Commodities Staff

COCOA FUTURES rose by the £40 permissible limit in the near December position to £1,565 a tonne yesterday afternoon. Prices later retreated from the day's £1,568 high to close at £1,539.50. The previous close was £1,524.50.

The limit-up was based on a forecast by Holco, the cocoa trading firm, that the Ivory Coast will harvest a main crop of about 350,000 tonnes in 1983/84, well below previous estimates by some other trade observers.

Physical activity was confined mainly to inter-trader business against a background of mostly small-scale offerings from shippers.

● THE COUNTRY Landowners' Association booklet, Working for the Uplands, urges Government measures to strengthen and broaden the economy in hill areas.

● A MUCH stronger, centralised watchdog is needed to police farm animal welfare, says Mr Neal King, president of the British Veterinary Association.

● THE U.S. Bureau of Mines has developed two chromium-free steels designed to be cost-effective substitutes for standard grades of heat-resistable constructional steels.

● THE SOVIET Union bought 8.55m tonnes of Argentine grain and oilseeds in the first eight months of this year, compared with 8.76m tonnes in the same period in 1982.

● WHEAT EXPORTS in the first 12 days of September were 14,353 tonnes. Britain also exported 72,027 tonnes of barley.

● THE TAPIOCA Trade Association is to ask the EEC Commission to discontinue the quota system and replace it with a free trade system in which an adaptation of the present levy system could be considered.

Fighting talk over British dairy surpluses

Farmer's viewpoint: By John Cherrington

BRITAIN'S dairy farmers are well accustomed to vague threats of extreme penalties for producing more milk than the EEC can absorb or export—and to the threats coming to nothing.

Mr Graham Meadows, agricultural advisor to the European Commission, has now come up with some specific fighting talk delivered to hundreds of farmers at a conference at Cirencester organised by Lloyds Bank and BOCM.

The commission was proposing two measures, he said. The first was a 75 per cent levy on every litre produced above the 1981 delivery plus 1 per cent—that is, 75 per cent on the target price. There would also be a special levy on milk produced from imported feeds such as soya and tapioca. Each farm would have a quota based on forage acreage. The excess would suffer a penalty.

The Royal Agricultural College's dairy herd, for example, would pay £10,000 for excess production and a further £8,000 for excess concentrate use.

This idea was no more than a quota scheme and would have to be administered by the dairies which bought and processed the milk. He also forecast that once the milk question had been settled, cereals, oilseed, rape, beef and sheep would have to follow.

The budget faced many demands. There are 7m EEC farmers—and 11.5m people out of work. Europe's steel industry had been forced to lose half its labour force. Why, asked Mr Meadows, should farmers alone have a lifebelt to keep them afloat?

To those who suggested that there was a boundless market in the starving world, he asked how many of those present would favour a levy on their own production to pay for supplying it. I saw no raised hands.

The Commission has proposed similar measures but they have usually been attenuated or over-ridden by the Council of Agricultural Ministers, who are mostly more influenced by their farmer constituents than by budgetary considerations.

This time, we are told, things may be different. Spurred on by Britain, finance and foreign ministers are trying to evolve a new budgetary policy for the Athens summit in December. The only alternative to an increase in member states' contributions would be a reduction in the farm budget.

But making any reform of the dairy policy work on the lines suggested would be a labour of Hercules.

It would be possible to penalise individual farmers for overproduction in Britain, where only five milk marketing boards handle the milk, and in the Netherlands where milk disposal is handled by two very large co-operatives. Elsewhere, such a system would be impossible to implement without the Government intervention.

This is anathema to Brussels. It would open the way for hidden national subsidies and could mean the end of the CAP as set out in the Treaty of Rome, the only common policy which, however imperfect, still survives.

Yet it seems that a gradual infiltration of national responsibility for farming field offers the only solution—other than an increase in budgetary funds which, if applied to farming, would mean pouring good money after bad.

The suggestion of ending intervention buying is, in present market conditions, a recipe for chaos in dairy products.

It might lower the average price received but as has been amply proved before, price reductions, unless swingeing, simply stimulate production.

Nor is money the only problem. There is a political aspect as well. The milk surplus is world wide and even the Soviet Union is improving production. The possibility of conflict with the U.S. over dumping is very real. The balance of the CAP will be altered if and when Spain and Portugal join.

Milk overproduction is a northern phenomenon. In an enlarged Community only 16 per cent of the milk would be from the Mediterranean countries of Greece, Italy, Portugal and Spain. Will these countries be prepared to shoulder this burden? The CAP as we have known it will be forced to accept fundamental changes or even be quietly suppressed by national responsibilities. Or was Mr Meadows crying wolf again?

Ireland may veto EEC milk production levy

BY BRENDAN KEENAN IN DUBLIN

A CLEAR signal that Ireland might veto EEC Commission proposals for a levy on milk production above 1981 levels was given by Dr Garret FitzGerald, the Irish Premier, last week. The idea is almost unthinkable but reflects the importance of the issue for the Irish economy.

Dr FitzGerald suggested the so-called "superlevy," amounting to 75 per cent of the milk price, could cost the Irish the equivalent of 1 per cent of their GNP. Dairying is the largest sector in Irish agriculture and milk production has increased by 55 per cent since Ireland joined the EEC in 1973.

Unfortunately for the Irish, 1981 was a particularly bad year in dairying and milk production has increased by 15 per cent since then.

The commission proposals, designed to prevent the Common Agricultural Policy destroying the community budget—call for average savings of 8 per cent, but the cut in Ireland would be three times as great.

All political parties, farming organisations and trade unions are united in opposition to the superlevy but a few small voices have been raised suggesting that opposition is not enough.

The argument of people such as Professor Seamus Sheehy of the University College, Dublin, is that Ireland must recognise that the CAP cannot continue as presently constituted and that the Irish must have proposals which would safeguard their interests while dealing with the problem of surplus production.

Even the effects of the levy have been exaggerated in all the propaganda. The figure of Ir£100m, one per cent of GNP, represents the total value of the excess production and the net loss would clearly be less. Failure to reach agreement could make matters even worse for the Irish if agricultural prices collapsed.

Dr Sheehy has calculated that farmers' incomes might fall by 30 per cent in such circumstances. Ireland, unlike larger countries such as the UK and France, could not compensate farmers from the national exchequer.

Dr FitzGerald may win special help from the regional fund, or a change in the 1981 base year during the Brussels negotiations but this will not solve the fundamental problem. Mr Alan Dukes, the Minister for Finance, a former agricultural advisor, is believed to be among those who feel a proper policy for the future of the CAP is needed.

PRICE CHANGES

In tonnes unless stated otherwise	Sept. 22 1983	+ or −	Month ago
Metals			
Aluminium	£1050		£1050
Free Mkt.	$1675/1695		$1600/1650
Copper			
Cash h grade	£1024	+8.5	£1072.75
3 mths	£1051.5	+11.75	£1099.75
Cash Cathode	£997.5	+11	£1041.25
3 mths	£1023.75	+11.75	£1068.25
Gold troy oz	$408.625	−2.5	$424.625
Lead Cash	£269.25	+5.5	£264.75
3 months	£278.25	+4.875	£273.875
Nickel	£4646.38		[illegible]
Free mkt	220/250c		220/250c
Palladium oz	$151.50	−1	$158.50
Platinum oz	£285.70	−0.5	£292.70
Quicksilver	$295/305		$270/285
Silver troy oz	763.75p	−4.75	627.70p
3 mths	801.85p	−5.55	646.20p
Tin cash	£8527.5	+45	£8450.6
3 mths	£8611	+35.5	£8566
Tungsten	$72.17		[illegible]
Wolfram 22.04 lb	$76/83		$73/77
Zinc Cash	£549	+8	£560.5
3 mths	£554.25	+7.375	£577.25
Producers	$850		$850

	Sept. 22 1983	+ or −	Month ago
Oils			
Coconut (Phil)	$965y	+10	$1015
Groundnut	‡		$1050
Linseed Crude	£621.50		
Palm Malayan	$690u		$655
Seeds			
Copra Phil	$645x	+3	
Soyabean (U.S.)	$378v	+2	
Grains			
Barley Fut. Nov	£119.55	−0.85	£119.25
Maize	£144.50		£144.50
Wheat Fut. Nov	£109.60	−0.25	£125.00
No2 Hard Wint	‡		
Other commodities			
Cocoa ship't*	£1567.5	+25	£1565
Fut. Dec	£1538.5	+15	£1507
Coffee Ft. Nov	£1745.0	+4	£1710.5
Cotton A.Index	69.05c		70.40c
Gas Oil Oct	£268.25	+1	£259.25
Rubber (kilo)	67p		67p
Sugar (Raw)	£146.50w	−1.5	£168
Woolt'ps 64s	400p kilo		393 kilo

‡ Unquoted. z Aug-Sept. w Nov. u Dec. v Sept-Oct. x Oct-Nov. y Oct. † Per 76 lb flask. *Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.60-28.65	−0.05
Iranian Light	28.20	
Arabian Heavy	26.65-26.85	−0.05
North Sea (Forties)	30.00-30.10	−0.12
North Sea (Brent)	30.25-30.40	−0.05
African (Bonny Lt)	30.45-30.55	−0.15
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	290-295	−5.0
Gas oil	255-256	
Heavy fuel oil	166-168	

GAS OIL FUTURES

The market opened $2.00 higher but met heavy trade selling which continued throughout the day reports Premier Man. A stronger than expected New York opening caused a short-lived rally.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Sept.	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]
Nov.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
Jan.	[illegible]	[illegible]	[illegible]
Feb.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Turnover: 2,543 (1,479) lots of 100 tonnes.

GOLD MARKETS

Gold fell $2¼ an ounce from Wednesday's close in the London bullion market yesterday to finish at $409-409½. The metal opened at $411-411½ and traded between a high of $411-411½ and a low of $407-407½. Selling pressure developed during the afternoon as it fell below $410 on a stronger dollar movement.

In Paris the 12½ kilo bar was fixed at FFr 106,500 per kilo ($411.93 per ounce) in the afternoon compared with FFr 106,800 ($412.07) in the morning and FFr 107,050 ($413.15) on Wednesday afternoon.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $410.65 from $412.0.

In Frankfurt the 12½ kilo bar was fixed at DM 35,315 per kilo ($411.48 per ounce) against DM35,395 ($412.96) and closed at $409-409½.

In Zurich gold finished at $408-408½ from $411-$412.

LONDON FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ per troy ounce		
Sept	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]
Nov.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
Jan.	[illegible]	[illegible]	[illegible]
Feb.	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]

Turnover: 538 (668) lots of 100 troy ounces.

Gold Bullion (fine ounce)	Sept. 22	Sept. 21
Close	$409-409½ [illegible]	[illegible]
Opening	$411-411½ [illegible]	[illegible]
Morning fixing	$410½ [illegible]	[illegible]
Afternoon fixing	$409.75 [illegible]	[illegible]

Gold Coins Sept. 22			
Krugerrand	[illegible]	King Sov	[illegible]
½ Krug	[illegible]	Victoria Sov	[illegible]
¼ Krug	[illegible]	French 20s	[illegible]
1/10 Krug	[illegible]	50 pesos Mex	[illegible]
Mapleleaf	[illegible]	100 Cor. Aust	[illegible]
New Sov	[illegible]	$20 Eagles	[illegible]
½ New Sov	[illegible]		

EUROPEAN MARKETS

Wheat—(U.S.$ per tonne): U.S. Two Red Winter Oct 162, Nov 165, Dec 168.50. U.S. Northern Spring 14 per cent protein Oct 188.75, Nov 191, Nov 20/Dec 10 193, Dec 194. U.S. Three Amber Durum Sept 15/Oct 15 212, Oct 212, Nov 215, Nov 20/Dec 20 217.

Maize—(U.S.$ per tonne): U.S. Three Yellow afloat 172, Sept 169, Oct 167, Nov 166.50, Dec 166.50, Jan/March 174.50, April-June 174.50 sellers. Argentine Oct 174 sellers.

Soyabeans—(U.S.$ per tonne): Two Yellow Gulfports Oct 366, Nov 366, Dec 374, Jan 379.25, Feb 383, March 387.50, April 389, May 390 sellers. Argentine afloat 360 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent afloat 289, Oct 288, Nov 291, Dec 296, Nov/March 300 sellers. Afloat 298, Oct 286/287, Nov 288.00/290, Oct 292.50/293/295, Nov/March 299 traded. Pellets Brazil Oct 309, Nov 317, Dec 320 sellers. Afloat 285 traded. Pellets Argentine afloat 293, Sept 296, Oct 296, Nov 305, Dec 308 sellers.

PARIS, September 22.

Cocoa—(FFr per 100 kg): Sept 1820/1850, Dec 1880/1895, March 1907/1910, May 1935 bid, July 1945 bid, Sept 1965 bid, Dec 1985 bid. Sales at call: 15.

Sugar—(FFr per tonne). Oct 2120/2126, March 2331/2335, May 2430/2440, August 2550/2570, Oct 2620/2640, Dec 2680/2700. Sales at call, 17.

BRITISH COMMODITY MARKETS

BASE METALS

Base-metal prices were firmer on the London Metal Exchange. A strike at Southern Peru's Toquepala and Cuajone mines and currency considerations left copper at £1,053 on the strike by kerb while rumours of a strike at a European zinc producer lifted zinc to £563 before closing at £564.25. Lead firmed in response to a U.S. producer price rise with three months touching £281 before closing at £279.5. Buffer stock support and bear covering boosted tin to £8,615.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	1023-.5	+8.75	1023.5-4.5	+8.5
3 months	1050-.5	+9.5	1051-2	+8.25
Settlem't	1023.0	+9.5		
Cathodes				
Cash	997-.5	+5.75	997-8	+11
3 months	1023.5-4	+5.25	1023.5-4	+11.7
Settlem't	997.5	+5.5		
U.S. Prod			*75-7	

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,024.00, 23.50, three months £1,052.00, 51.50, 52.00, 54.00, 53.50, 53.00, 52.50, 52.00. Cathodes: Cash £997.00, 97.50, three months £1,050.00. Kerb: Higher Grade: three months £1,052.00, 51.50, 52.00. Afternoon: Higher Grade: cash £1,024.00, 23.50, three months £1,051.50, 52.00, 52.50. Cathodes: three months £1,050.00. Kerb: Higher Grade: three months £1,051.50, 52.00, 52.50, 53.00, 52.50, 52.00, 51.50, 52.00. Turnover: 20,175 tonnes.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	8525-6	+58	8525-30	+45
3 months	8615-20	+55	8615-20	+40
Settlem't	8526	+56		
Standard				
Cash	8525-6	+73	8525-30	+45
3 months	8610-5	+51	8610-5	+35.5
Settlem't	8526	+71		
Straits E.	$30.87	+0.06		
New York				

Tin—Morning: Standard: Cash £8,525, 26, three months £8,590, 8600, 10, 20, 25, 20, 15, 10. High Grade: three months £8,615. Kerb: Standard: three months £8,615. Afternoon: Standard: three months £8,625, 20, 10. High Grade: three months £8,625. Kerb: Standard: three months £8,610, 15. Turnover: 1,830 tonnes.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	268.5-70	+6.87	269-.5	+5.5
3 months	278.5-.75	+7.12	278-.5	+4.87
Settlem't	270	+7		
U.S. Spot			*20-24	

Lead—Morning: Cash £270.00, three months £278.00, 78.50, 79.00, 79.50, 79.75. Kerb: three months £279.00, 79.50. Afternoon: three months £280.00, 79.50, 79.00. Turnover: 13,450 tonnes.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	540.5-50	+7	546.5-9.5	+8
3 months	556-7.5	+8	564-.5	+7.87
Settlem't	550	+7		
Primw'st			*46-75	

Zinc—Morning: three months £569.00, 70.00, 69.50, 69.00, 68.00, 67.00, 66.50, 66.00, 65.00, 65.50, 66.00. Kerb: three months £565.00, 66.00, 65.50, 66.00. Afternoon: three months £565.00, 64.00, 65.00, 64.00. Turnover: 13,200 tonnes.

ALUMINIUM

Aluminm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	1058.9	+23	1061.5-2.5	+8.25
3 months	1087-8	+10.7	1090.5-1	+5.5

Aluminium—Morning: three months £1,089.50, 89.00, 89.50, 90.00, 89.50, 89.00, 89.50, 90.00. Kerb: three months £1,089.00, 88.50, 89.00, 90.00. Afternoon: three months £1,091.00, 90.50, 90.00, 90.50, 91.00. Kerb: three months £1,091.00, 90.50, 91.00, 90.00, 89.50, 88.00, 87.00. Turnover: 8,190 tonnes.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	3055-5	+35	3340-5	−15
3 months	3340-5	+35	3380-90	−15

Nickel—Morning: three months £3,340, 42, 45, 48, 45. Afternoon: three months £3,350, 45, 47, 45, 42, 40, 30, 35, 30, 27. Kerb: three months £3,325, 20, 25. Turnover: 3,552 tonnes.

*Cents per pound. ‡ $M per kilo. † On previous unofficial close.

SILVER

Silver was fixed 4.75p an ounce lower for spot delivery in the London bullion market yesterday at 763.75p. U.S. cent equivalents of the fixing levels were: spot $11.785, down 15.5c; three-month $12.055, down 10.4c; six-month $12.372, down 9.7c; and 12-month $12.943, down 11.7c. The metal opened at 762-766p ($11.85-11.87) and closed at 765-768p ($11.70-11.74).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	763.75p	−4.75	761.00p	−4.5
3 months	783.85p	−5.05	783.75p	−4.0
6 months	821.40p	−5.25		
12 months	856.85p	−5.05		

LME—Turnover 221 (102) lots of 10,000 ozs. Morning: Cash 785.5, three months 802.5, 03.0. Kerb: Three months 803.0. Afternoon: Three months 800.0, 800.5. Kerb: Three months 799.0, 800.0, 800.5.

COCOA

A fully steady opening set the tone for the day and futures moved through limit-up before active profit-taking pared the gains to a final call £20.00 above the previous close. Producers made limited sales at the highs and nearby cocoa beans were again trading in the same direction, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Sept	[illegible]	+17.0	[illegible]
Dec	[illegible]	+15.0	[illegible]
March	[illegible]	+15.0	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]

Sales: 6,929 (4,236) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for Sept 22: 101.33 (100.44); five-day average for Sept 23: 100.63 (99.60).

COFFEE

In moderate volume trade and dealer buying encouraged a steadier market reports Drexel Burnham Lambert. Despite scale-up selling, from commission houses, early losses of £10.00-£16.00 were gradually erased in thin dealings.

COFFEE	Yest'day's Close	+ or −	Business Done
	£ per tonne		
Sept	1770-74	+2.6	1774-60
Nov	1745-49	+3.0	1761-31
January	1725-26	+2.0	1727-07
March	1676-80	+2.5	1682-70
May	1647-48	+4.5	1650-35
July	1628-40	+3.5	1626-17
Sept	1607-10	+3.0	1603-45

Sales: 1,923 (1,244) lots of 5 tonnes.

ICO Indicator prices (U.S. cents per pound) for September 21: Comp. daily 1979 127.70 (127.80); 15-day average 126.38 (126.29).

GRAINS

Business done—Wheat: Sept unquoted, Nov 123.25-122.95, Jan 125.90-125.10, March 128.35-127.90, May 131.00-131.10, July 133.95 only. Sales: 132 lots of 100 tonnes. Barley: Sept 117.60-117.25, Nov 119.40-119.15, Jan 122.30-122.00, March 124.90-124.70, May 127.15-127.10. Sales: 149 lots of 100 tonnes.

	WHEAT		BARLEY	
Mnth	Yest'rday's close	+ or −	Yest'rday's close	+ or −
Sep	[illegible]	[illegible]	117.25	−0.15
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]		

HGCA—Locational ex-farm spot prices. Feed Wheat: S. East 120.30, S. West 119.30, W. Mids 120.60, N. West 120.40. Feed Barley: N. West 118.20. The UK monetary coefficient for the week beginning Monday September 26 will remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent Oct 136, Nov 138, Dec 138.75 transhipment East Coast sellers. English feed fob Oct 125 East Coast. Milling Sept 125.50 East Coast sellers. Maize: French first half Oct 144.50, second half Oct 145 sellers trans-shipment East Coast. Barley: English feed fob Sept 121, Nov 123 East Coast, 119 Peterhead, Nov 125 East Coast, Jan/March 126 East Coast sellers. March 129.50 paid East Coast.

POTATOES

The market was quiet with prices easing lower and closing just above the lows of the day.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov	143.60	147.50	[illegible]
Feb	173.50	176.50	[illegible]
April	202.60	209.00	[illegible]
May	207.20	214.00	[illegible]
Nov	83.00	82.00	

Turnover 647 (318) lots of 40 tonnes.

RUBBER

The physical market opened dull, attracted little interest throughout the day and closed quiet, reported Lewis and Peat. The Kuala Lumpur September fob price for RSS No. 1 was 252.50 (same) cents a kg and for SMR20 216.50 (214.00).

No. 1 R.S.S.	Yesterday's close	Previous close	Business Done
	p per tonne		
Oct	[illegible]	[illegible]	[illegible]
Nov-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]

Sales: 125 (79) lots of 15 tonnes; nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were Spot 76.00p (75.00p); Oct 76.00p (77.00p); Nov 76.50p (77.40p).

SOYABEAN MEAL

Prices drifted on profit-taking and stop loss selling late in session before renewed commission house support steadied values.

	Yesterday's close	+ or −	Business Done
	£ per tonne		
October	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]

Sales: 395 (306) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £146.50 ($218.00), down £1.50 a tonne for Sept-Oct-Nov shipment. White sugar $162.00 (£163.50). The market lifted some £2.00 over the day following rumours of further purchases by the USSR reports C. Czarnikow.

No. 4 Con-tract	Yesterday's close	Previous close	Business done
	£ per tonne		
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]

Sales: 4,686 (6,755) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £248.50 (£250.00) a tonne for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Sept 21: Daily price 8.68 (9.01); 15-day average 9.54 (9.63).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct 420, 424, 421-420; Dec 420, 434, 419-418; Jan 420, 423, 410-428; March 428, 432, 430-428; May 438, 443; Aug 450, 454, 451-448; Oct 452, 456, 450-449; Dec 456, 460, 456; Jan 460, 466, 465; March 470, 476, 470-467. Sales: 153.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 554.0, 558.0-554.0. Dec 570.0, 570.5, 570.5-570.0. March 585.0, 586.5, untraded; May 600.0, 603.0, untraded; July 610.0, 612.0, untraded; Oct 614.0, 615.0, untraded; Dec 614.0, 615.0, untraded; March 622.0, 625.0, untraded. Sales: 49.

COTTON

LIVERPOOL—Another session passed without sales being registered. Buyers were unwilling to chance their arm and operated with extreme caution. Demand was equally curtailed, and despite interest being shown in some special Middle Eastern growths, activity was severely restrained.

INDICES

FINANCIAL TIMES

Sept. 21	Sept. 20	M'th ago	Y'ar ago
292.15	287.73	291.58	230.47

(Base: July 1 1952=100)

REUTERS

Sept. 22	Sept. 21	M'th ago	Y'ar ago
1887.0	1875.4	1915.3	1518.5

(Base: September 18 1931=100)

MOODY'S

Sept. 21	Sept. 20	M'th ago	Yearago
1061.3	1068.1	1090.9	969.8

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Sept 21	Sept 20	Month ago	Year ago
Spot	143.84	143.56	147.68	126.94
Fut's	150.61	149.84	154.58	132.67

(December 31 1931=100)

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.11p per kg lw (−1.11). GB—Sheep 140.45p per kg est d c w (−0.85). GB—Pigs 81.72p per kg lw (−2.74).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 78.0 to 85.0; Eire hindquarters 83.5-88.0, forequarters 60.0-62.5. Veal: Dutch hinds and ends 144.0 to 148.0. Lamb: English small 60.0 to 64.0; medium 60.0-63.0; Scotch heavy 58.0-60.0. Imported: New Zealand PL 59.5-59.8, PX 56.0-56.5. Pork: English under 100 lb 53.0 to 56.0, 100-120 lb 51.0-54.0, 120-160 lb 48.0-49.0.

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.00-£5.00, codlings £3.00-£4.00; large haddock £3.00-£5.00, medium £3.00-£4.00, small £2.20-£3.00; large plaice £4.50-£5.80; best small £3.30-£4.00; skinned dogfish (large) £10.00, (medium) £7.00; lemon soles (large) £10.50, small £8.00, rockfish £2.00-£3.00, reds £1.30-£2.00; saithe £1.00-£2.20.

English produce: Apples—per lb, Bramley new season 0.11-0.13, Howgate 0.09, Worcester Pearmain 0.12-0.17, Derby 0.10, Cox's 0.20-0.27, Russet 0.17-0.20. Pears—per lb, Williams 0.11-0.12, Conference 0.10-0.15. Strawberries—8-oz 0.40-0.60 according to condition. Raspberries: 8-oz punnets 0.40-0.70 according to quality. Plums—per lb Victorias 0.20-0.26, Marjorie 0.20-0.27. Onions—per 55-lb 3.60-4.00, 4.00-5.00. Mushrooms—per lb, open 0.50-0.60, closed 0.60-0.70. Lettuce—per tray round 1.00-1.20, Webb's 2.20-2.40, Cos 1.80-2.00, Iceberg, per dozen 3.00-4.00. Cabbages—per 25-lb primo 3.20-3.60. Greens: 28-lb, Kent 3.00-3.20. Cauliflowers—12's Lincoln 2.60-3.50. Cucumbers—2.80-3.00. Tomatoes—Hothouse, 12-lb 3.60-4.00. Celery—3.50-4.00. Beetroots—28-lb 1.80-2.00. Turnips—28-lb 3.00. Carrots—28-lb 2.00-2.50. Capsicums—per lb 0.20-0.40. Corn Cobs—each 0.08-0.14. Leeks—per lb 0.25-0.30. Swedes—28-lb 1.50-2.00. Parsnips—28-lb 3.20-3.50. Courgettes—per lb 0.40-0.50. Marrows—per lb 0.20-0.25. Potatoes—55-lb 2.00-2.50. Stick Beans—per lb 0.25-0.30. Prune 0.15-0.17.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: [illegible] Pears—Italian: Williams 0.18-0.21. Grapes—Italian: per lb Alphonse 0.30-0.32, Italia 0.30-0.34; Spanish: Italia 0.30-0.35, Almeria 0.25-0.27; French: Alphonse 0.20-0.24. Peaches—Italian: large trays 2.20-3.00; French: 1.60-2.80. Nectarines—Italian: large trays 6.00-7.00. Plums—Italian: per lb Stanley 0.14-0.15, President 0.20-0.22; French: President 0.20-0.25. Water Melons—Spanish: 15-kg 2.50-2.80. Melons—Spanish: Yellow 10-kg 1.50-2.50; French: large trays Charentais 4.50-5.00. Galia large trays 4.00-4.50. Bananas—Colombian: 40-lb boxes 10.00-11.00. Avocados—South African: 5.50-6.00; Kenyan: 0.50-6.00. Pineapples—Each Cape: 0.40-1.60; Kenyan: 1.20-1.60. Paw Paws—Brazilian 7.00-7.50. Mangoes—Israeli: 6.00-6.50; Mexican: 7.50-8.00. Fennel—Dutch: 5-kg 6.20-6.00. Kiwifruit—New Zealand: 6.00-9.50. Tomatoes—Dutch: tray 4.20-4.40, Beefsteak 4.60-4.80. Aubergines—Dutch: 5-kg 5.00-5.50. Onions—Spanish: Grand 25-kg nera 3.80-4.00; Dutch: 50/70mm 4.00. Capsicums—Dutch: Yellow 7.00, Green 3.80, Red 5.50-6.00. Cabbages—Dutch: Red 6.00, White 7.20. Potatoes—Cyprus: 44-lb bag 4.00-4.20. Sugar Peas—Kenyan: per lb 1.80-2.00. Globe Artichokes—French 24's 9.60-10.00. Lettuce—U.S. Iceberg 90's 10.00-14.00. Cucumbers—Dutch: tray 3.20-3.40. Courgettes—French: per lb 0.40-0.42.

AMERICAN MARKETS

Gold and silver recouped early losses as short covering developed in response to reports of a favourable Treasury auction result and a general lack of fresh selling. Copper firmed on reports of labour unrest in Peru along with the late rally in gold and silver which encouraged buying interest. Cocoa after early gains in response to a low trade estimate of the Ivory coast crop came under pressure as profit-taking set in. Coffee was firm in response to the prospects of a tight supply situation resulting from a U.S. dock workers strike slated for October. Sugar firmed in response to reports of Soviet purchases along with reports Poland has ceased further export sales for this year. Cotton retraced all of yesterdays late gains in anticipation of a pick-up in cash movement along with a weak tone to soyabeans. Profit-taking was the main feature to todays volatile soyabean trade. Grains weakened sharply under profit-taking due to concerns that China would not meet terms of the grain agreement and also on favourable harvest weather. Heating oil was unable to follow through on yesterdays gains due to ample cash supplies and lack of demand, reported Heinold Commodities.

NEW YORK

COCOA 10 tonnes; $/tonnes

	Close	High	Low	Prev
Dec	2115	2193	2106	2174
March	2127	2196	2120	2173
May	2140	2210	2140	2190
July	2153	2225	2170	2203
Sept	2158	—	—	—
Dec	2195	2260	2220	2245

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	133.94	133.98	132.10	132.89
March	130.50	130.65	129.25	129.62
May	128.45	128.45	127.90	127.75
July	126.50	129.50	125.90	125.85
Sept	124.28	124.40	123.30	147.75
Dec	122.90	123.10	122.30	123.00

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Sept	70.30	69.80	69.15	69.35
Oct	470.40	—	—	469.50
Nov	71.10	—	—	70.20
Dec	71.80	72.00	70.65	70.90
Jan	72.55	71.55	71.45	71.60
March	74.00	74.15	72.90	73.05
May	75.40	75.60	74.30	74.50
July	76.80	77.05	75.80	75.90
Sept	76.16	78.30	77.05	77.30
Dec	80.16	80.45	79.00	79.30

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	75.40	76.70	75.40	77.40
Dec	76.66	78.15	76.60	78.56
March	78.15	79.80	78.10	79.a3
May	79.20	80.10	79.20	80.76
July	79.80	80.85	79.65	61.29
Oct	75.80	76.40	75.90	76.85
Dec	74.85	76.60	74.80	75.65
March	76.10	76.10	76.10	76.80

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	412.3	415.0	415.0	411.0
Oct	416.0	418.0	408.0	412.7
Nov	416.3	—	—	415.0
Dec	418.0	424.0	414.0	419.1
Feb	426.8	431.5	421.5	426.2
April	433.8	437.5	429.0	433.8
June	441.1	445.0	436.4	440.5
Aug	448.6	451.0	442.5	448.5
Oct	456.3	—	—	456.2

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	119.40	110.60	118.70	110.10
Jan	114.05	114.10	113.00	113.45
March	113.30	113.60	112.80	112.85
May	12.95	113.00	112.20	112.30
July	112.40	112.40	112.10	112.10
Sept	12.90	112.50	112.10	112.10
Nov	111.35	111.15	111.16	110.80
Jan	109.90	110.00	110.00	109.80

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	430.2	427.5	427.5	429.2
Oct	432.2	434.6	427.0	431.2
Jan	440.6	444.0	436.0	439.2
April	446.6	446.6	442.5	445.1
July	454.5	452.6	448.5	453.1

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Sept	1186.1	1188.5	1166.0	1184.7
Oct	1189.0	1172.0	1172.0	1187.0
Dec	1207.0	1216.0	1187.0	1207.0
Jan	1217.5	—	—	1217.4
March	1238.7	1248.0	1220.0	1238.4
May	1260.5	1255.0	1246.0	1260.2
July	1282.3	1285.0	1262.0	1282.1
Sept	1304.2	1299.0	1288.0	1304.1
Dec	1337.2	1332.0	1320.0	1337.1

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Oct	9.40	0.41	0.16	9.06
Jan	10.09	10.15	10.00	8.82
March	10.79	10.80	10.62	10.59
May	11.14	11.15	10.97	10.93
July	11.45	11.45	11.25	11.22
Sept	1.61	11.62	11.55	11.42
Oct	11.78	11.81	11.68	11.80
Jan	11.98	—	—	12.05

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	60.60	60.70	59.70	59.50
Dec	61.10	61.17	59.80	59.75
Feb	61.85	61.95	61.20	61.00
April	63.90	64.00	63.30	63.32
June	65.66	65.70	65.05	65.15
Aug	64.70	64.80	64.30	64.25

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Oct	41.67	42.15	41.50	41.65
Dec	42.00	42.27	41.52	41.77
Feb	45.86	45.95	44.95	46.32
April	46.60	46.80	45.80	46.07
June	52.30	52.35	51.75	51.87
July	54.05	54.32	53.60	53.70
Aug	53.55	54.20	53.50	53.45
Oct	52.95	52.35	52.36	52.80
Dec	3.20	54.10	53.20	53.56

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Dec	360.2	367.0	359.4	369.2
March	368.0	376.0	367.6	377.0
May	371.4	378.4	371.2	380.2
July	369.8	376.4	369.0	378.5
Sept	343.4	349.0	343.0	365.0
Dec	321.6	326.0	316.0	327.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	59.60	59.80	58.00	58.58
March	59.92	50.10	58.10	58.40
May	61.90	62.05	61.00	61.27
July	63.20	63.30	62.40	62.72
Aug	61.80	62.50	61.70	61.72

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Nov	923.0	957.0	920.0	929.0
Jan	939.0	971.0	937.0	946.4
March	949.0	983.0	948.0	959.0
May	954.4	985.0	954.0	965.0
July	951.0	982.0	950.0	960.4
Aug	915.0	948.0	615.0	929.0
Sept	823.0	855.0	823.0	921.0
Nov	747.0	769.4	746.0	772.2

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Sept	236.5	243.0	233.0	251.2
Oct	237.2	248.0	237.0	244.3
Dec	241.5	252.6	241.0	249.7
Jan	243.0	254.0	243.0	250.5
March	246.5	256.6	246.0	253.7
May	247.5	257.5	247.0	255.0
July	247.4	259.0	247.3	256.3
Aug	240.0	250.0	238.0	247.0
Sept	—	—	—	239.5
Oct	212.0	221.0	210.0	219.7

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Oct	35.87	36.50	35.40	35.58
Dec	36.17	36.90	35.66	35.90
Jan	36.13	36.91	35.72	35.92
March	35.90	36.65	35.40	35.70
May	35.20	35.85	34.66	35.00
July	34.13	35.25	33.76	34.35
Aug	32.75	33.16	32.30	32.80
Sept	30.25	31.00	29.90	30.80
Oct	28.63	29.26	28.12	29.12
Dec	27.60	28.76	27.50	28.16

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	381.4	387.0	381.0	390.2
March	397.2	403.0	397.4	406.8
May	402.6	408.0	402.4	412.4
July	394.5	400.4	394.4	403.6
Sept	403.0	406.4	402.4	376.2
Dec	416.4	419.0	415.4	—

SPOT PRICES—Chicago loose lard 21.00 (21.50) cents per pound. New York tin 592.00-596.00 (591.00-597.00) cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm, but pound nervous

The dollar finished on a firm note in Europe as Federal funds traded around 9¼ per cent despite Wednesday's announcement that the Federal Reserve would add further reserves to the New York banking system yesterday. Earlier in the week Federal funds were nearer 9 per cent, but rose because of weekly make-up factors, and disappointed the market by refusing to fall back yesterday morning. There were few other factors to influence trading, although the fighting in Lebanon is tending to support the dollar.

Sterling showed some signs of nervousness on rumours of a cut in clearing bank base rates, but eased only slightly against Continentals.

DOLLAR—Trade-weighted index (Bank of England) 128.7 against 122.2 six months ago. The dollar has retreated from the peaks touched in August, but is not yet showing signs of any sustained weakness, despite a daunting U.S. payments deficit. Hopes of sustained economic recovery, plus Treasury funding of the large Budget deficit, continue to underpin the currency, but this is offset by cautious optimism about improving money supply growth, and hopes of easier Federal Reserve monetary policy.

The dollar rose to DM 2.6780 from DM 2.6660 against the D-mark; FFr 8.0950 from FFr 8.0550 against the French franc; SwFr 2.1685 from SwFr 2.1605 in terms of the Swiss franc; and Y242.50 from Y242.05 against the Japanese yen.

STERLING — Trading range against the dollar in 1983 is 1.6248 to 1.4540. August average 1.5027. Trade-weighted index 85.0 against 85.1 at noon, and at the opening, 85.2 at the previous close, and 78.5 six months ago. The pound has been very steady recently despite earlier fears of weakening against Continental currencies. This coupled with hopes that higher U.S. interest rates can now be avoided, has encouraged speculation about lower London interest rates.

Sterling opened at $1.5035-$1.5045, and fell to a low point of $1.4955-1.4965, reflecting as much increased demand for the dollar as fears of lower U.K. base rates, before closing 75 points lower on the day at $1.4985-1.4995. The pound also eased to DM 4.0175 from DM 4.02; FFr 12.1325 from FFr 12.1350; SwFr 3.2525 from SwFr 3.2550; and Y363.75 from Y365.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. August average 2.6736. Trade weighted index 125.8 against 131.5 six months ago. Until the recent easing of U.S. M1 money supply growth, the D-mark had been at its lowest level against the dollar for nearly 10 years, reflecting the large differential between U.S. and German interest rates. A softer tone in U.S. rates together with a rise in the German Lombard rate have served to narrow the gap however, as the Bundesbank has moved to counter excessive money supply growth.

The dollar was fixed at DM 2.6669 at yesterday's fixing in Frankfurt compared with DM 2.6660 on Wednesday. There was no intervention by the Bundesbank with trading rather quiet in the absence of any fresh news. The Bundesbank's decision to leave credit policies unchanged was in line with market expectations. The pound was fixed at DM 4.0100 down from DM 4.0150 while the French franc was marginally higher at DM 33.080 per FFr100 from DM 33.075.

FRENCH FRANC — Trading range against the dollar in 1983 is 8.22 to 6.6060. August average 8.0437. Trade weighted index 67.6 against 71.3 six months ago. The franc is firm against its EMS partners, but stability within the system has been helped by the weakness of the D-mark against the dollar. Any sustained dollar decline and increased demand for the D-mark could renew strains from which the EMS and currencies such as the franc have suffered from time to time.

The dollar rose to FFr 8.0640 from FFr 8.0590 previously at yesterday's fixing in Paris. The D-mark was unchanged at FFr 3.0236 as was the Belgian franc at FFr 14.9750 per BFr 100. Sterling was lower at FFr 12.1190 compared with FFr 12.1330.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.8731	+2.17	+1.43	±1.5447
Danish Krone	8.14104	8.16887	+0.34	-0.40	±1.6425
German D-Mark	2.24184	2.27216	+1.35	+0.61	±1.0642
French Franc	6.87456	6.87139	-0.05	-0.79	±1.4052
Dutch Guilder	2.52595	2.54132	+0.61	-0.13	±1.4964
Irish Punt	0.72569	0.725545	-0.02	-0.76	±1.6689
Italian Lira	1403.49	1368.61	-2.49	-2.49	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

CURRENCY MOVEMENTS

CURRENCY RATES

THE POUND SPOT AND FORWARD

THE DOLLAR SPOT AND FORWARD

EXCHANGE CROSS RATES

Sept. 22	Pound Sterling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.499	4.018	363.8	12.13	3.253	4.493	2428.	1.848	81.05
U.S. Dollar	0.667	1.	2.680	242.7	8.094	2.170	2.997	1619.	1.833	54.07
Deutschemark	0.249	0.373	1.	90.64	3.085	0.810	1.118	604.2	0.460	20.17
Japanese Yen 1,000	2.749	4.121	11.04	1000.	33.35	8.949	12.36	6674.	5.080	222.8
French Franc 10	0.824	1.236	3.311	299.8	10.	2.681	3.703	2001.	1.523	66.80
Swiss Franc	0.307	0.461	1.235	111.8	3.730	1.	1.381	746.3	0.568	24.99
Dutch Guilder	0.223	0.334	0.894	80.97	2.701	0.724	1.	540.5	0.411	18.04
Italian Lira 1,000	0.418	0.618	1.655	149.8	4.998	1.340	1.851	1000.	0.761	33.30
Canadian Dollar	0.541	0.811	2.174	196.8	6.565	1.760	2.431	1314.	1.	43.86
Belgian Franc 100	1.234	1.849	4.957	448.8	14.97	4.016	5.543	2996.	2.280	100.

MONEY MARKETS

Waiting in vain

UK clearing bank base lending rate 9½ per cent (since June 14)

Discount houses continued to wait in vain for a cut in the Bank of England's money market intervention rates yesterday, but again showed their reluctance to sell bills outright to the authorities, in the hope of lower London interest rates within the next few weeks.

A shortage of £300m was forecast in the morning, but this was revised to £350m at noon, and to £400m in the afternoon. Exchequer transactions added £70m to market liquidity, but this was outweighed by bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills amount to £358m.

Before lunch the authorities bought only £4m bank bills in band 1 (up to 14 days maturity) at 9 7/16 per cent, and £10m bank bills in band 2 (15-33 days) at 9½ per cent.

In the afternoon another £2m bank bills were purchased in band 1 at 9 7/16 per cent, plus £49m bank bills in band 2 at 9½ per cent.

But the main assistance was provided when the Bank of England also bought £288m bills for resale on September 27 at a rate of 9 11/16 per cent, and the help was completed by late assistance of around £95m.

The Bank of England announced that there will be no net outflow from the money market today because of the tender for BP shares. Funds will be lent to the banks over the weekend balancing the presentation of cheques for the share offer.

In Dublin the associated banks, consisting of Allied Irish Bank, Bank of Ireland, Ulster Bank and Northern Bank, are to cut their prime lending rate to 14 per cent from 15½ per cent from the close of business today. The ordinary overdraft rate is reduced to 16½ per cent from 17½ per cent, and deposit rates by 1 to 1½ per cent. Earlier this month the Central Bank of Ireland cut its short-term lending rate by ½ per cent.

In Frankfurt the Bundesbank left its credit policies unchanged. This was the expected result of the regular council meeting. Call money has been trading at 5.5 per cent for some time, the same level as the new Lombard rate established at the previous council meeting.

LONDON MONEY RATES

Sept. 22 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	8 10¼	10	—	—	9½-10¼	8-13	—	—	—
2 days notice	—	—	9¾-9⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	13¼	—	—	—	—
7 days notice	—	9⅞ 13 1/16	9¾	—	—	—	9½-9¾	—	—	—
One month	9 9/16-9¾	9½ 9 9/16	9¾	10-9⅞	9¾	10	9⅝	9 1/16	9½-9 9/16	10⅛
Two months	9⅝ 9 9/16	9⅝-9¾	9 11/16	10 9¾	9¾	9⅞	9⅛-9¼	9¼ 9 9/32	9¼	9⅝
Three months	9 9/16-9 11/16	9 9/16 9 11/16	9⅝	10 9¾	9⅝	9⅞	8	9⅛-9¼	9⅛	9¾
Six months	9 9/16-9 11/16	9 9/16-9 11/16	9⅝	9-9⅝	9⅝	—	—	—	9 1/16	9 9/16
Nine months	9¾ 9 13/16	9⅝-9 13/16	9¾	9⅞-9⅛	9¾	—	—	—	—	—
One year	9 13/16 9⅞	9 13/16 9 15/16	9⅞	10 9⅝	10	—	—	—	—	—
Two years	—	—	10¼	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate for interest period August 3 to September 6 1983 (inclusive) 9.930 per cent.

Local authorities and finance houses seven days' notice others seven days fixed. Long-term local authority mortgage rates nominally three years 11 per cent; four years 11½ per cent; five years 11½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rate for four months' bank bills 9⅛ per cent; four months' trade bills 9¾ per cent.

Approximate selling rate for one-month Treasury bills 9 7/32-9 11/32 per cent; two months 9⅛-9 5/32 per cent and three months 9-9 3/16 per cent. Approximate selling rate for one month bank bills 9 11/32 per cent; two months 9 5/32-9 5/16 per cent and three months 9 1/16 per cent; trade bills 9⅞ per cent; two months 9¾ per cent and three months 9⅝ per cent.

Finance Houses Base Rate (published by the Finance Houses Association) 10 per cent from September 1, 1983. London and Scottish Clearing Bank Rates for lending 9½ per cent. London Deposit Rates for sums at seven days' notice 8 per cent.

Treasury Bills: Average tender rates of discount 9.2098 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¼ per cent; one-three months 9¼ per cent; three-six months 10 per cent; six-12 months 10¼ per cent. Under £100,000 9½ per cent from September 13. Deposits held under Series 4-5 10 per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

(Market closing rates)

Sept. 22	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9⅛-10⅛	9¾-9⅞	9 9/16-9 11/16	9⅛-9⅝	9⅝-9 11/16	9 13/16-9 15/16
U.S. Dollar	9¼-9⅝	9⅝-9⅝	9 9/16-9⅝	9⅝-9⅞	9⅞-10⅛	10⅛-10⅝
Can. Dollar	8½-9	8½-9	8⅞-8⅞	9 9/16-9 13/16	9¼-9⅝	9¾-10
D. Guilder	6¾-6⅞	5¾-6	6⅞-6	6⅛ 6¼	6¼-6⅝	6½-6⅝
S. Franc	1⅛-1⅞	1⅝-1⅞	4 3/16-4 5/16	4 3/16-4 5/16	4⅝-4⅞	4 11/16-4 13/16
Deutschm'rk	5⅛-5½	5⅛-5⅛	6 3/16-5 5/16	5 9/16-5 11/16	5 9/16-6 1/16	6 1/16-6 3/16
Fr'nch Franc	12-12¼	12¼-16⅛	12⅝-12⅝	14-14¼	16⅛-15¾	16⅞-16⅛
Italian Lira	15¾-16¾	10½-9⅛	16⅝-16⅝	19¼-18¾	18⅛-19⅜	17⅞-18¾
Belg. Franc Conv.	6¼-7⅛	8 9	8¾-9¼	9¼-9¾	9⅝-10¼	10-10 1/16
Fin.	7.7⅛	9.9	8¾-9	9¼-9½	9⅛-9¾	10-10¼
Yen	7⅛-7⅛	7 1/16 7 1/16	6 11/16-7 1/16	6¾-6⅞	6¾-6⅞	6 11/16-6 13/16
D. Krone	13-13½	11¼-11¾	11¼-11¾	10⅞-11⅛	10⅞-11⅛	10⅞-11⅛
Asia $ (sing.)	9⅛-9 9/16	9 9/16-9 11/16	9 9/16-9 11/16	9⅝-9¾	9⅞-10	10⅛-10¼

FT LONDON INTERBANK FIXING

(11.00 a.m. SEPTEMBER 22)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 11/16	offer 9 13/16	bid 9 15/16	offer 10 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9⅜-9½
Treasury bills (13-week)	9.07
Treasury bills (26-week)	9.04

GERMANY

Lombard	5.5
Overnight rate	5.5
One month	5.65
Three months	5.85
Six months	6.30

FRANCE

Intervention rate	12.25
Overnight rate	12.25
One month	12.4375
Three months	12.4375
Six months	12.5625

JAPAN

Discount rate	5.5
Call (unconditional)	6.65625
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4
Overnight rate	1½-2½
One month	4⅛-4⅜
Three months	4½-4½

NETHERLANDS

Discount rate	5½
Overnight rate	5¾-6
One month	5⅞-6
Three months	6⅛-6¼
Six months	6¼-6⅜

$ CERTIFICATES OF DEPOSIT

One month	9.45-9.55
Three months	9.50-9.60
Six months	9.70-9.80
One year	10.10-10.20

LONG TERM EURO $

Two years	11⅛-11⅜
Three years	11⅜-11⅝
Four years	11¾-12
Five years	12-12¼

SDR LINKED DEPOSITS

One month	9⅛-9⅝
Three months	9⅛-9⅝
Six months	9¼-9⅝
One year	9⅛-9⅜

ECU LINKED DEPOSITS

One month	9-9 5/16
Three months	9⅛-9 7/16
Six months	9⅛-9 11/16
One year	9 13/16-10 1/16

FINANCIAL FUTURES

Eurodollars ease

Euro-dollar prices lost ground in the London International Financial Futures Exchange yesterday. Trading was rather quiet with many dealers inhibited by current uncertainties within the market. Wednesday's decision by the Fed to announce four- and seven-day system repurchase agreements for yesterday was in itself an unusual step and was seen as an attempt by the authorities to regulate any upward pressure on Fed funds, implying a possible serious distortion. This tended to underpin views held earlier in the week by some sectors of the market that the Fed's recent and consistent intervention in the market was principally technical in its intent and did not signify any deliberate easing in credit policy.

Wednesday's seven-year note auction brought a rather neutral response from the market with eyes tending to focus on the latest $3.5bn 20-year Treasury bond auction. A Fed fund rate of around 9½ per cent also tended to encourage selling. The December Euro-dollar price opened at 90.05 down from 90.10 and touched a low of 89.95 as trading in the U.S. opened a little lower than expected. It finished at 89.98.

Gilt prices held steady for most of the day, finishing a little weaker from Wednesday. The December price opened at 108-01 and closed at 108-05 compared with 108-09 at the previous close. Short sterling contracts were generally weaker in the absence of any positive lead from the Bank of England to encourage a cut in base rates. The December price closed at 90.52 down from an opening of 90.57 and Wednesday's close of 90.60.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	89.98	90.05	89.95	90.15
March	89.68	89.72	89.68	89.80
June	89.45	89.52	89.45	89.59
Sept	89.28	—	—	89.40
Dec	89.12	—	—	89.23

Volume 1,865 (3,166)
Previous day's open int 5,775 (5,279)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.52	90.59	90.50	90.60
March	90.29	90.35	90.27	90.38
June	90.16	90.21	90.00	90.22
Sept	89.86	89.90	89.90	90.08
Dec	89.82	—	—	89.83

Volume 824 (1,045)
Previous day's open int 4,447 (4,584)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	105-09	105-09	105-08	105-15
Dec	108-05	108-10	108-00	108-09
March	107-25	107-25	107-25	107-26
June	107-09	107-14	107-14	107-13
Sept	107-02	—	—	107-03

Volume 1,383 (2,504)
Previous day's open int 3,339 (3,475)
Basis quote (clean cash price of 15½% Treasury 1998 less equivalent price of near futures contract) −2 to 6 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4996	1.5060	1.4962	1.5070
March	1.5015	1.5070	1.5070	1.5090
June	—	—	—	—

Volume 413 (165)
Previous day's open int 829 (786)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3768	0.3784	0.3768	0.3787
March	0.3802	—	—	0.3820
June	—	—	—	—

Volume 35 (5)
Previous day's open int 403 (403)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4667	0.4681	0.4670	0.4684
March	—	—	—	—
June	—	—	—	—

Volume 3 (12)
Previous day's open int 88 (66)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4147	0.4156	0.4144	0.4156
March	0.4179	—	—	0.4187
June	—	—	—	—

Volume 32 (27)
Previous day's open int 165 (159)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	71-08	71-12	71-03	71-16
March	70-21	70-26	70-15	71-01
June	70-08	70-14	70-04	70-19
Sept	69-27	70-01	69-26	72-06
Dec	69-17	69-23	69-16	69-29
March	69-09	69-12	69-09	69-21
June	—	—	—	69-14
Sept	68-28	69-00	68-28	70-07
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	90.00	90.02	89.89	90.07
Dec	90.78	90.78	90.73	90.82
March	90.46	90.46	90.42	90.50
June	90.22	90.24	90.20	90.28
Sept	—	—	89.27	89.32
Dec	89.81	89.81	89.79	89.87
March	89.61	89.62	89.61	89.68
June	—	89.43	89.42	89.50

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	90.61	90.62	90.60	90.66
Dec	90.17	90.19	90.11	90.23
June	89.51	89.56	89.51	89.59

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.74	89.74	89.67	89.79
March	89.43	89.43	89.38	89.46
June	89.17	89.21	89.16	89.23
Sept	89.00	89.00	88.92	89.01
Dec	88.80	88.80	88.72	88.81
March	88.61	88.61	88.53	—

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Dec	1.4990	1.5040	1.4965	1.5015
March	1.5000	1.5060	1.4985	1.5040
June	—	—	1.5030	1.5060
Sept	—	—	1.5030	1.5085
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	68-08	68-15	68-04	68-19
March	67-12	67-17	67-08	67-22
June	66-20	66-26	66-18	66-31
Sept	66-02	66-04	66-02	66-31
Dec	65-21	65-23	65-21	66-00
March	—	—	—	—
June	—	—	—	65.10
Sept	—	—	—	66-14
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

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WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday September 20 1983. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for particular transactions. Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

n.a. Not available. (m) Market rate. *U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. For further information please contact your local branch of the Bank of America.

INTERNATIONAL CAPITAL MARKETS

BASE LENDING RATES

A.B.N. Bank	9½%
Al Baraka International	9½%
Allied Irish Bank	9½%
Amro Bank	9½%
Henry Ansbacher	9½%
Arbuthnot Latham	9½%
Armco Trust Ltd.	9½%
Associates Cap. Corp.	9½%
Banco de Bilbao	9½%
Bank Hapoalim BM	9½%
BCCI	9½%
Bank of Ireland	9½%
Bank Leumi (UK) plc	9½%
Bank of Cyprus	9½%
Bank of Scotland	9½%
Banque Belge Ltd.	9½%
Banque du Rhone	10½%
Barclays Bank	9½%
Beneficial Trust Ltd.	10½%
Bremar Holdings Ltd.	9½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10 %
CL Bank Nederland	9½%
Canada Perm't Trust	10½%
Castle Court Trust Ltd.	10 %
Cayzer Ltd.	9½%
Cedar Holdings	10 %
■ Charterhouse Japhet	9½%
Choulartons	10½%
Citibank Savings	¶10½%
Clydesdale Bank	9½%
C. E. Coates	10 %
Comm. Bk. of N. East	9½%
Consolidated Credits	9½%
Co-operative Bank	*9½%
The Cyprus Popular Bk.	9½%
Duncan Lawrie	9½%
E. T. Trust	10 %
Exeter Trust Ltd.	10½%
First Nat. Fin. Corp.	11½%
First Nat. Secs. Ltd.	11½%
Robert Fraser	10 %
Grindlays Bank	‡9½%
■ Guinness Mahon	9½%
■ Hambros Bank	9½%
Heritable & Gen. Trust	9½%
■ Hill Samuel	§9½%
C. Hoare & Co.	†9½%
Hongkong & Shanghai	9½%
Kingsnorth Trust Ltd.	11 %
Knowsley & Co. Ltd.	10 %
Lloyds Bank	9½%
Mallinhall Limited	9½%
Edward Manson & Co.	10½%
Midland Bank	9½%
■ Morgan Grenfell	9½%
National Bk. of Kuwait	9½%
National Girobank	9½%
National Westminster	9½%
Norwich Gen. Tst.	9½%
R. Raphael & Sons	9½%
P. S. Refson & Co.	9½%
Roxburghe Guarantee	10 %
Royal Trust Co. Canada	9½%
Standard Chartered	‖9½%
Trade Dev. Bank	9½%
TCB	9½%
Trustee Savings Bank	9½%
United Bank of Kuwait	9½%
United Mizrahi Bank	9½%
Volkskas Intnl. Ltd.	9½%
Westpac Banking Corp.	9½%
Whiteaway Laidlaw	10 %
Williams & Glyn's	9½%
Wintrust Secs. Ltd.	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%, 1-month 6.25%. Short-term £8,000/12-months 8.6%.
† 7-day deposits on sums of under £10,000 6%, £10,000 up to £50,000 7¼%, £50,000 and over 8%.
‡ Call deposits £1,000 and over 6%.
§ 21-day deposits over £1,000 7%.
‖ Demand deposits 6%.
¶ Mortgage base rate.
◊ Money Market Cheque Account—9.15%. Effective annual rate—8.54%.

WEEKLY U.S. BOND YIELDS (%)

	Sept 21	Sept 14	1983 High	1983 Low
Composite Corp. AAA	11.98	12.05	12.59	10.62
Composite Corp. AA	12.17	12.21	12.83	10.78
Government:				
Long-term	11.50	11.59	11.99	10.18
Intermediate	11.42	11.52	12.03	0.83
Short-term	10.80	10.94	11.26	9.21
Municipal	n/a	9.58	9.86	8.72
Industrials AAA	11.73	11.76	12.38	10.51
Industrials AA	11.98	12.01	12.82	10.72
Utilities AAA	12.24	12.34	12.81	10.73
Utilities AA	12.36	12.41	13.05	10.85
Preferred Stocks	11.02	11.07	11.41	10.59

Source: Standard & Poor's

Japanese issues 'set to soar'

TOKYO – Japanese Eurobond issues are likely to rebound to record levels in the October-December quarter, fuelled by soaring share prices in Tokyo, according to bond issue managers. Issues underwent a summer holiday slump in July-September.

Convertibles are expected to rise to a record of around 48 issues in the quarter from 28 in July-September and 35 in April-June, with concentration on the Swiss franc market continuing, they said.

Straight bonds by private companies will decline to around 20 from 23 in July-September and 36 in April-June due to relatively high coupons on Japanese issues, the managers said.

In view of the recent lowering of coupon rates on Japanese convertibles and strong demand for them on the Swiss capital market, convertible issues could total more than 40 in the coming quarter, they said. Total issues of convertibles, straights, warrant bonds and European depositary receipts could be as high as the record 75 in the April-June quarter.

Total issue value is likely to fall below the $2.8bn in the April-June period as more medium and small-sized companies plan small issues and big issues are returning to the Japanese market.

The recent development in trading of privately placed Japanese convertibles among Swiss bankers will encourage active issues, a Yamaichi Securities issue manager said.

Growing expectations of lower interest rates in developed countries and of their economic recovery are strengthening investors' demand for equity-related bonds.

The coupon on Victor Co of Japan's SwFR 100m convertible, sought in October, could decline to 3.25 per cent on increasing demand for Japanese convertibles, issue managers said.

If the further reduction in coupon rates proves sustainable, more companies will plan convertible issues later this year. About 36 Japanese convertibles have so far been sought on the Swiss market in October, against 23 in the July-September quarter and 38 in the April-June period.

Convertible issues on the Tokyo market are also booming, backed by rising share prices and the improvement of terms for popular and large companies since early this year.

The Japanese economy is still stagnant but companies in bright sectors such as electronics, precision and pharmaceutical industries are eager for fresh funds.

Domestic issue managers said they have decided to cut the standard coupon rate on convertibles by 0.3 percentage point to 5.1 per cent for 10-year issues and to 4.9 per cent for six-year issues starting with early October issues.

Based on the new standard rate, the best-qualified companies will be granted a record low 4 per cent coupon on six-year bonds and 4.2 per cent coupon on 10-year bonds.

The new rates are highly competitive against the terms offered to Japanese convertibles on the Swiss market, taking account of foreign exchange risks for issuers, and this will bring back big issues to the Japanese market, the managers said.

Reuter

EUROBONDS

$500m FRN for Credit Foncier

By Mary Ann Sieghart in London

ANOTHER $500m bond was brought to the Eurodollar floating rate note (FRN) market yesterday, giving an indication of the depth of the market at a time when investors are uncertain about interest rates.

Credit Foncier de France's bond is guaranteed by the French Government and pays a coupon of ¼ point over the six-month London interbank offered rate (Libor). Deutsche Bank is leading the deal together with Banque Nationale de Paris and Merrill Lynch.

The note can be redeemed after five or seven years at par by the investor, but it also carries incentives for holders to keep it for as long as possible. If bondholders agree in the fourth year not to exercise the fifth-year put option, they receive a one-off payment of ¼ per cent of their holding. This does not affect their right to exercise the seven-year option. If they hold the bond for the full ten years, it will be redeemed at 100.30.

This is the first big floater to be led by Deutsche Bank and it was very well received, trading at a discount of just over 70 basis points from par. This left the lead managers, who were paid a gross spread of 105 basis points, in a very profitable position for an FRN.

Elsewhere in the dollar market, the World Bank is raising $100m through a public issue, half of which will be sold in Japan and the other half in the Middle East and Asia.

The five-year bond carries a coupon of 11⅛ per cent at par and is led by Nomura Securities.

The dollar secondary market eased off yesterday morning following a dull performance in New York. The U.S. Treasury's seven-year auction did not go as well as expected and short-term interest rates crept up slightly.

In the afternoon, though, greater interest was reported and prices closed about ¼ point down on the day.

There was renewed new issue activity in the Samurai sector yesterday – in which foreign borrowers tap the Japanese market.

The Council of Europe is raising Y15bn through a ten-year bond with a coupon of 7.9 per cent at a price of 99.45, giving a yield to maturity of 8.14 per cent.

Prices in the Swiss secondary market closed unchanged, while in Germany, they were slightly up.

Tokyo futures plan for 1985

THE TOKYO Stock Exchange hopes to start trading in bond futures from 1985, Reuter reports from Tokyo.

In view of the heavy volume of outstanding national bond issues, refunding will become active theo and the futures market will help circulate bonds smoothly.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for September 22.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¼ 90	100	93¼	93¾	-0⅛	+1	11.69
Bank of America 0 88 XW	150†	85¾	86¾	-0¼	+0⅜	12.12
Bank of Tokyo Hold 11 90	190	94⅛	94⅝	0	+0⅞	12.27
British Col Hyd 10¼ 88	200	96⅛	96⅝	-0⅛	+0⅜	11.25
C.C.C.E. 11¾ 07	100	92⅜	93⅜	-0⅜	+1½	12.80
Can Imp Bk Com 11 90	75	91¼	92	-0⅛	+0½	12.92
Citicorp O/S 10⅝ 90	100	92⅛	92⅝	-0⅛	+0¾	12.08
Coca Cola Int 8⅞ 92	100	92⅝	93⅛	-0⅛	+0⅝	11.17
Cred Suisse BAH 10½ 88	150	95⅝	96⅛	+1⅛	+1⅜	11.40
Credit Suisse 10½ 89	100	97⅝	98⅛	-0¼	+1⅛	10.97
Den Norsk Cred 11¼ 93	50	92¾	92⅞	+0⅛	+0⅝	12.55
Du Pont 11¼ 85	150	98⅝	99⅛	-0⅛	+1⅛	11.41
E.C.S.C. 11⅞ 90	75	99	99⅛	-0⅛	+0⅝	12.02
E.O.C. 10¾ 88	100	96¾	97¼	-0⅜	+0⅝	11.63
E.O.C. 11¾ 87	190	100	100½	-0⅛	+0⅝	11.65
E.D.F. 11⅛ 93	100	92¼	92¾	0	+1¼	12.48
E.E.C. 10¾ 85	75	88½	89	-0¼	+1	12.63
E.E.C. 11 87	350	98	98½	-0¼	+0½	11.58
E.I.B. 10¾ 93	200	91⅞	92⅜	-0⅛	+0¾	12.15
E.I.B. 11 91	125	94⅝	95⅛	-0¼	+1⅛	12.05
Electrolux 10½ 90	50	91¼	92	-0⅛	+0⅝	12.38
Ensearch Fin 11⅛ 93	100	95	95½	0	+1⅝	12.47
Fuji Int Fin 10⅞ 90	100	92⅝	93⅛	+0⅛	+1⅛	12.48
Gen Elec Credit 9¾ 91	100	91¾	92¼	-0⅛	+1⅛	11.35
GMAC O/S Fin 10½ 90	200	95⅜	95⅞	-0⅜	+0⅝	11.24
Honeywell Int 10¾ 90	100	97⅛	97⅝	-0⅜	+0½	11.31
Indust Bk Japan 10⅞ 88	100	97⅛	97⅝	0	+1⅝	11.60
Japan Air Lines 10⅞ 88	42	91⅞	92¾	+0½	+1¼	12.82
Japan Air Lines 11 93	75	94⅞	95⅜	+0⅛	+1⅛	11.85
J. P. Morgan 11¾ 90 XW	150	98⅜	98⅞	-0⅜	+0⅞	11.98
Levi Strauss Int 11 90	75	98	98½	-0¼	+0⅝	11.81
L.T.C.B. 10¾ 90	100	92¾	93¼	+0½	+1½	12.32
Merrill Lynch 10⅞ 90	200	95⅝	96⅛	+0¼	+1½	11.52
Midland Int Fin 11½ 92	150	96½	97	-0¼	+0⅞	12.09
Mitsubishi Corp 10½ 90	100	93	93½	-0¼	+0½	12.00
Mitsubishi Fin 11⅛ 90	100	94⅝	95⅛	0	+1⅛	12.51
Nippon Credit 11 90	100	93¾	94¼	+0⅛	+1½	12.34
Nippon Credit 11⅛ 93	100	93⅜	93⅞	-0⅛	+1	12.41
O.K.B. 10 91	100	89⅝	90⅛	+0⅛	+0¾	12.09
Ontario Hydro 10¼ 90	250	92⅝	93⅛	-0¼	+0⅝	11.83
Ontario Hydro 11¼ 88	200	98¾	99¼	-0⅛	+0¼	11.45
Ontario Hydro 12¾ 02	200	102⅞	103⅜	-0⅛	+0¾	12.10
Prudential O/S 10⅝ 93	100	95	95½	-0⅜	+0⅝	11.44
Prudential O/S 12¾ 87	150	104⅛	104⅝	-0¼	+0⅞	11.33
Saskatchewan Pv 10¾ 90	125	94⅛	94⅝	0	+0¾	11.95
S.N.C.F. 11½ 93	100	95¼	95¾	-0⅛	+1	12.30
Sth Cal Edison 10½ 90	75	95⅝	96⅛	+0¼	+1⅛	11.39
Sumitomo Fin 10⅞ 90	100	92⅞	93⅜	+0⅜	+1½	12.42
Swiss Bk Corp 10¼ 90	250	96½	97	-0⅜	+0⅞	10.97
Texaco Capital 9¾ 90	150	93½	94	-0⅛	+1⅛	11.13
U.B.S. 10 88	100	96⅛	96⅝	-0⅛	+0⅝	11.01
U.B.S. 11 89	150	100½	101	-0⅛	+1⅝	10.81
Westpac Int Fin 11 90	100†	93	94	0	+1⅜	12.48
World Bank 10⅛ 88	150	96¼	96¾	0	+0¾	11.40
World Bank 10⅞ 93	100	93¾	94¼	-0⅛	+0⅞	11.93
World Bank 11¼ 88	100	98½	99	-0⅜	+0⅝	11.60
World Bank 11½ 90	150	97⅞	98⅜	-0¼	+0⅞	11.96

Av. price changes: on day -⅛, on week +⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7½ 93	100	97⅛	98⅛	0	+0⅝	7.63
A.N.A.S. 8⅛ 88	100	99	99½	0	0	8.43
Austria, Rep 7⅞ 89	100	98¾	99¼	+0⅜	+0⅜	7.86
Austria, Rep 8 93	100	99⅜	99⅞	-0⅛	-0¼	8.05
Avon Int Fin 7½ 93	100	98	98½	0	+0¼	7.76
B.F.C.E. 8⅛ 90	150	98½	99	-0⅛	-0½	8.49
Comp Tel Nac Esp 8¼ 93	100	94⅞	95⅛	-0¼	-0¼	8.98
Deutsche Bank 3⅛ 91 WW	240	106	107	0	+0½	2.79
Deutsche Bank 3⅛ 91 XW	240	80⅛	80⅝	-0⅛	+0⅞	7.16
Dresdner Finance 4 90 WW	250	108¾	109½	-0⅛	+0½	2.52
Dresdner Finance 4 90 XW	250	83	83½	-0¼	0	7.21
E.C.S.C. 8 90	160	99⅝	100⅛	0	+0¼	8.02
E.E.C. 8¼ 03	250	99⅞	100⅜	-0¼	0	8.22
Eurofima 7½ 90	100	98⅜	98⅞	-0¼	+0⅜	7.70
Finland Rep 7½ 88	150	98⅞	99¼	0	+0⅝	7.75
Int-Am Dev Bk 7¾ 93	200	95	95½	-0⅛	+0⅛	9.48
Int Standard Ele 7¼ 93	100	98½	99	-0⅛	+0⅛	7.93
Japan Dev Bank 7½ 90	100	98⅞	99⅜	-0⅛	0	7.66
Kobe City 7 93	120	95	95½	-0⅛	+0⅛	7.71
L.T.C.B. 8 88	100	99⅝	100⅛	0	+0⅝	7.90
Renault Acceptance 8 90	150	97¼	97¾	0	+0½	8.49
S.D.B. France 7⅞ 93	100	95¼	95¾	0	-0⅛	8.41
Sth African Tran 8¼ 90	100	98¾	99¼	-0⅛	-0¼	8.44
Volkswagen Int 7¼ 93	200	95½	96	0	+0⅞	7.89
World Bank 7½ 90	250	95⅝	96⅛	-0⅛	+0⅜	8.16
World Bank 7⅞ 93	300	95	95½	-0⅜	+0¼	8.23

Av. price changes: on day -⅛, on week +¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AKZO 5⅞ 93	100	99	99¼	+0⅛	+0⅛	5.74
Bank of Tokyo 6 01	100	101½	101¾	-0⅛	+0¼	5.74
Bergen, City of 5¾ 95	40	100	100¼	+0¾	+1⅛	5.73
Carls-Tuborg Brw 5¾ 93	60	102	102¼	+1¼	+0¼	5.45
Chujitsuya Co 5⅞ 93	50	96½	96¾	-0¼	-0⅛	6.35
Denmark 6⅛ 91	100	102⅜	102⅝	-0⅛	+0⅜	5.98
E.O.C. 5⅞ 01	100	99	99¼	+0⅛	+0¾	5.51
E.I.B. 5¾ 93	100	98	98¼	0	-1	5.91
Ex-Im Bk Japan 5⅞ 91	100	98½	98¾	+0¼	-0½	6.85
Ind Fund Finland 6⅛ 91	40	100¾	101	+0⅛	+0⅛	6.10
Int-Am Dev Bk 6⅛ 93	100	102	102¼	0	0	5.83
Japan Dev Bank 5⅛ 93	100	98¼	98½	0	+0⅜	5.72
Kansai Elec Power 6 91	100	102½	102¾	+0⅛	+1	5.57
Kawasaki Steel 6⅛ 91	100	101½	101¾	0	+0⅜	5.85
Montreal Urban 5¾ 93	100	101⅜	101⅝	+0⅜	+1⅛	5.54
Mount Isa Finance 6 93	100	102½	102⅞	-0¼	0	6.64
Nisshin Steel 6¼ 91	100	85¾	100	0	+0⅞	6.27
Norsk Hydro 5½ 98	100	88¼	88½	-0¼	-0⅜	6.87
Osterr Draukraft 6 93	100	102⅛	102⅜	0	+0⅛	5.69
Osterr Post 6⅛ 01	100	102½	102¾	0	0	5.89
Quebec Hydro 5½ 93	100	100½	100¾	+0⅜	0	5.41
Sekisui House 6 93	100	100⅞	101⅛	-0⅛	-0¼	5.86
Sumitomo Metal Ind 6 01	100	101	101¼	0	+0⅛	5.81
Tohoku Elec Power 6 93	100	100½	100¾	+0¼	0	6.91
Truzc Corp 6¼ 91	100	101¾	102	0	0	6.93
World Bank 5⅝ 93	100	97½	97¾	0	-0⅛	5.95

Av. price changes: on day +⅛, on week +⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	104⅛	104⅞	+0¼	+0⅜	7.91
E.I.B. 8¼ 92	15	102	102½	0	+0¼	7.87
Japan Airlines 7⅞ 87	9†	101⅝	102⅛	+0⅜	+0⅛	7.13
New Zealand 7⅞ 89	15	102⅛	102⅝	0	-0⅛	7.12
World Bank 8⅜ 92	20	102⅞	103⅜	+0⅛	+0¼	7.82

Av. price changes: on day +⅛, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can Pac Secs 11⅞ 90 CS	75†	97½	98½	0	+0⅛	12.27
Charb France 11⅛ 95 CS	40†	93⅜	93⅞	0	+0⅛	12.84
Farm Credit 12¼ 90CS	75†	97⅝	98⅛	+0⅜	+0⅞	12.72
Norcen 12¾ 93 CS	60†	95¾	96⅛	0	+0¼	13.49
TG MTG Corp 12½ 88 CS	40†	99½	100	+0⅛	+0½	12.57
Quebec Province 12 93 CS	50†	98	98½	0	-0⅛	12.30
Xerox Canada 12 88 CS	40†	101	101½	+0⅜	+1⅛	11.64
Forsmarks 11½ 98 ECU	40	102¾	103½	+0¼	-0¼	11.08
Svenska 11⅛ 91 ECU	40	98¼	99	+0⅛	-0⅞	11.50
Algemene Bank 8¾ 88 Fl	150	99¾	100¼	-0⅛	+0⅛	8.74
Bank Mees & Hope 8 88 Fl	75	100¾	101¼	-0⅛	+0⅛	8.74
Elect Supply 8⅞ 88 Fl	75	96⅝	97⅛	+0⅛	+0⅝	9.68
P.H.P. ¾ 88 Fl	50	99¾	100¼	0	+0⅜	8.74
Swed Exp Cred 7¾ 88 FL	100	95⅜	95⅞	0	+0⅞	8.94
World Bank 8 88 Fl	100	101⅛	101⅝	-0⅛	+0⅛	8.61
O.K.B. 14 88 FF	400	100⅝	101⅛	0	-0⅛	13.31
Solvay & Cie 14¾ 88 FF	200	101⅞	102⅜	0	-0⅛	13.44
B.F.C.E. 11½ 88 £	50	97½	98¼	+0¼	+0⅝	12.08
British Oxyg 11¾ 91 £	50	100⅝	101⅛	-0⅛	+0⅛	11.57
CEPME 11¼ 95 £	35	98	99	+0⅛	-0¼	11.47
E.E.C. 11⅞ 91 £	50	99⅝	100⅛	0	-0⅜	11.90
Fin For Ind 10½ 90 £	30	94½	94⅞	-0⅜	-0⅜	11.71
Fin For Ind 12¼ 88 £	30	102¾	103¾	0	+0⅛	11.38
Fin Mat Oranj 12⅝ 92 £	30	101⅝	102⅞	-0⅛	-0⅛	12.24
Gen Elec Co 12½ 88 £	50	102⅝	103⅜	0	-0⅛	11.71
Mort Bk Fin 11¾ 88 £	15	96½	97½	+0¼	+0⅜	12.45
Norsk Hydro 12 90 £	30	102	102¾	+0⅛	0	11.42
Quebec 14½ 89 £	30	108⅜	109¼	+0⅛	+0⅜	12.19
S.N.C.F. 11½ 89 £	30	96⅝	97⅛	+0¼	+0¼	12.21
Sweden 11⅛ 93 £	50	94⅝	95⅝	+0⅛	+0¼	12.13
Swed Exp Cred 11⅛ 88 £	30	96⅞	97⅝	+0⅛	+0⅛	12.01
World Bank 11⅛ 88 £	100	97⅝	98⅛	+0⅛	+0¼	11.67
World Bank 11⅞ 91 £	75	99⅜	99⅞	0	-0⅛	11.42
Euratom 11 93 LuxFr	500	102½	103½	+0¼	+0⅜	10.46
Europarat 10¾ 93 LuxFr	600	102½	103½	-0⅛	0	10.22

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5¼ 87	0¼	99⅝	99⅞	27/1	10⅞	10.90
B.F.C.E. 5¼ 88	0¼	98½	98¾	20/1	10.16	10.21
Caisse Nat Tele 5¼ 90	0¼	99¼	99½	21/10	9.56	9.62
C.C.F. 5¼ 95	0¼	99¼	99½	7/10	10.19	10.25
C.C.F. 5¼ 98	§⅛	99¾	100	24/8	9.94	9.95
Cepme 5¼ 88 WW	0¼	99½	100	3/12	10.56	10.59
Cepme 5¼ 92	0¼	98½	98¾	10/12	10½	10.54
Chemical NY 5¼ 94 ††	0¼	100⅝	100⅞	23/9	10.82	10.74
C.N.C.A. 5¼ 95 XW	0¼	99¼	99½	7/12	10	10.06
C.N.T. 5¼ 91	0¼	99¼	99½	8/11	9¼	9.31
Credit Agricole 5⅛ 97	0¼	99¼	99½	24/8	10	10.06
Credit Lyonnais 5¼ 94	0¼	99¼	99½	8/1	10.31	10.38
Credit Lyonnais 5¼ 97	0¼	99⅝	99⅞	1/10	10.06	10.11
Credit Nat 5⅛ 94	0¼	99¼	99¾	8/3	10¾	10.80
E.D.F. 5⅛ 85 XW	0¼	99¾	100	10/2	11⅜	11.38
E.E.C. 5 90	0⅛	99¾	100	5/1	10.19	10.20
Konsallis Osaka 5½ 92	0¼	100⅛	100⅜	8/11	9⅛	9.08
Long Term Cred 5¼ 92	0⅛	100⅛	100⅜	27/11	9¾	9.73
J.P. Morgan 5¼ 97 S	0¼	101	101¼	12/11	10.01	10.09
New Zealand 5¼ 87	0⅛	100⅛	100⅜	7/10	10.06	10.03
NZ Steel Dev 5⅛ 92	0¼	100⅛	100⅜	22/12	10¼	10.21
Nippon Credit 5⅛ 90	0⅛	100½	100¾	10/2	11¼	11.18
Soc Generale 5⅛ 90 XW	0⅛	99¼	99½	9/11	9⅛	9.10
Société Générale 5¼ 95	0⅛	99½	99¾	1/3	10.31	10.35
Sweden 5⅛ 89	0⅛	100⅛	100⅜	26/2	10.18	10.10
Sweden 5⅛ 93	0⅛	100⅜	100⅝	3/2	11.19	11.13

Av. price changes: on day -⅛, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	103⅝	105⅛	+0¼	6.10
Canon 7 97	7/82	748.2	223⅛	225⅛	0	13.26
Daiwa Sec Co 5½ 98	10/83	508	87⅛	88⅝	+0⅜	0.94
Hitachi Cable 5⅛ 88	2/82	810	106	107½	-1⅛	3.98
Honda Motor 5¼ 98	6/83	884	88⅞	100⅞	-0¼	1.50
Honda Motor 5½ 97	3/83	750.6	115⅛	115⅝	-0⅜	8.21
Kumagai Gumi 6½ 97	10/82	400	120¾	122¼	+2¼	-0.82
Kyowa Hakko 6⅛ 87	2/83	762	116¾	118¼	-0¼	14.83
Minebea Co Ltd. 5½ 98	5/83	667	127⅜	128⅜	+0⅛	8.81
Mitsubishi Electric 5¼ 98	6/83	396	108¾	110⅝	-0¼	4.13
Nippon Electric 5⅛ 97	2/82	765.3	182	184	-0⅛	4.38
Nippon Oil Co 5½ 98	4/83	964	111⅞	112⅞	+0⅜	11.63
Nissan Motor 5¾ 98	4/83	770	89⅛	90⅛	-0¼	-1.23
Olympus Optical 6⅛ 97	12/82	1331	102¾	104¼	+0¾	8.15
Orient Finance 6⅛ 97	3/82	927.2	88½	90	0	12.09
Orient Leasing 5¼ 98	6/83	2680	95⅝	96⅝	+0⅛	-3.64
Secom 5 98	11/83	2928	121¼	122¾	+0⅜	4.35
Sumitomo Electric 5½ 97	3/82	577.3	112⅜	114⅛	0	4.83
Sumitomo Metal 5¼ 96	10/81	296.1	75⅝	77⅛	0	43.84
Yamaichi Sec Co 5 98	8/83	472	93⅜	95⅛	+0⅛	-0.42
NEC Corp 3½ 93 SF	6/83	978	147¼	148¼	-1⅜	-2.62
Sanyo Electric 3½ 93 SF	5/83	501	104¼	106⅛	+0¼	12.31
Konishiroku 6⅛ 98 DM	6/82	610	117⅞	119⅛	-0½	1.82
Mitsubishi Heavy 6 89 DM	2/82	263	111¾	112¾	-0½	1.18
Sun Realty 6¼ 92 DM	2/83	385	115⅞	117⅞	0	-2.88

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

SECTION IV

FINANCIAL TIMES SURVEY

Contenders in the market. Left to right: Freight Rover's Sherpa 250; the Renault R4, Europe's best-selling light van; Dodge 50-Series 5.6 tonner; Datsun Patrol Estate; and Volkswagen Transporter van.

Vans and Light Trucks

Japanese makers reach further

By Kenneth Gooding
Motor Industry Correspondent

EUROPEAN PRODUCERS of light commercial vehicles face a new threat from the Japanese who have grown in the past 10 years to dominate the business.

Now they have won major market shares in most "neutral" — or non-vehicle-producing — countries, the Japanese are to tackle territories in Europe which one way or another place severe restrictions on the import of Japanese vehicles of all types.

Next year, two well-known European companies will begin production of light commercials heavily based on Japanese models and including about 20 per cent (by value) of Japanese components.

Nissan, Japan's second-largest vehicle group, will make its Vanette at the Motor Iberica plant in Spain. Nissan took control of Motor Iberica last year.

Meanwhile, in Britain, the Bedford subsidiary of General Motors which is the biggest business of its kind in the world, is to start making a one-tonne van based on an Isuzu model. GM has a 34 per cent shareholding in Isuzu, smallest of the 10 Japanese vehicle groups.

By reaching a high level of European content, Bedford aims for 80 per cent and Nissan for 85 per cent by ex-factory value; both products should be able to skirt round the restrictions on Japanese imports to France, Italy and the UK.

It is tempting to view this approach as part of a "grand design" by the Japanese. But that is not the case. The Bedford project was masterminded by GM which intends to play a much more important part in the world commercial vehicle markets in future and has set up a world truck and bus division as part of that policy.

The division pulls together GM's commercial vehicle businesses in North America (Chevrolet, GMC, Detroit Diesel Allison) and those of GM do Brazil and Bedford in Europe. Isuzu is not part of the division but has special status as a potential supplier—of designs, components and sub-assemblies —and as a potential customer.

Another small Japanese company, Suzuki, in which GM has a 5 per cent stake, has been awarded similar status as GM struggles to find the right formula to design, engineer and produce commercial vehicle components on a world scale.

Among the first vehicles to emerge from this project at the end of the 1980s will be a replacement for Bedford's CF van. Meanwhile, GM has been searching for commercial vehicle products to give Bedford more volume and to generate more "floor traffic" at the dealer outlets.

This is where the one-tonne Japanese van comes in. GM has also been talking to Suzuki about the potential for doing a similar UK assembly job on one of th Japanese company's microvans.

To give itself more marketing power on the Continent, GM has set up a new distribution company, called Convesco and based near Russelsheim in West Germany. This company is jointly owned with Isuzu (GM has 51 per cent) and will distribute a range of Bedford and Isuzu vehicles. GM reckons that by combining the ranges the joint franchise will be more attractive and enable better dealers to be recruited.

In its attempt to get the best of all possible worlds, GM will have Bedford tackle alone those markets closed to Japanese products.

Output

GM will spend an initial £50m on Bedford's van lines at Luton and to re-engineer the Isuzu WFR one-tonne van to European specification. Production is scheduled to begin at the end of next year and 12,000 will be made in 1984, rising to an annual output of 30,000.

Of this total, 10,000 will be exported and Bedford's marketing director, Mr Des Savage, has high hopes of success in France and Italy in particular with the new "Bedford" van.

European producers face still more intense competition from Japan, in part because the Japanese themselves are moving West to become European producers

The concept was pioneered by BL, of course, with its Triumph Acclaim, a car based on Honda's Ballade but with an 80 per European content. After initial problems the Acclaim was given free access to Italy and France in spite of protests that the Japanese were creeping into those markets by the "back door."

Nissan's entry to the European commercial vehicle scene was far less a matter of careful planning. Certainly the Japanese group wanted to test the water by taking a minority interest in Iberica and got the opportunity when a 36 per cent shareholding came up for sale. Massey Ferguson, the financially troubled Canadian agricultural equipment concern, put the stake on the market and Nissan paid $40m for it in January 1980.

Nissan, like other companies with interests in Spanish vehicle production, came under pressure from the Spanish Government to take control or get out. The Government hopes to push and prod the local vehicle industry into a more healthy shape before Spain enters the EEC.

So, somewhat under duress, Nissan stumped up another $21.5m last year to take its stake to 54.6 per cent and then took charge of the Iberica management. The cash was injected into Iberica because the shareholding increase was made by way of a rights issue.

Nissan always intended to enable Iberica to improve and expand its commercial vehicle range by making models based on Japanese products. In February this year the first Iberica-built Nissan Patrol, a four-wheel drive vehicle, came off the assembly line.

Annual production should reach 15,000 to 17,000 vehicles of which 8,000 to 10,000 will be exported. This compares with Iberica's output last year of 7,000 trucks, 10,000 vans and 11,000 agricultural tractors.

Nissan aims to achieve Japanese-style quality in its Spanish plants and for that reason the pace at which output of the Patrol has built up has been slow. As one Iberica executive commented: "We are taking time to adapt to Japanese technology. We know European ways of doing things, not the Japanese way. But after our experience with the Patrol, the start-up of the Vanette should be smoother and quicker."

In fact, the introduction of the Vanette, a vehicle similar to the one Bedford will make from the Isuzu design, has been delayed until the end of next year. Eventually Nissan expects to make about 7,000 Vanettes a year for Spain and another 8,000 to 10,000 for export.

Vanette exports will probably follow the example set by those of the Patrol which are to go to the UK, Sweden, Norway, Germany, Denmark, Holland, Belgium, France, Austria and probably Portugal and Greece. Significantly, Italy is the first country to be tackled. It will get the Patrol in September and the vehicle will be badged as the "Ebro Patrol," Ebro being the brand name on Iberica's own light commercials. In other export countries, however, the Nissan name will be used.

Access

Iberica is also benefitting from the Nissan connection by gaining access to the Japanese company's dealer network throughout Europe. In the UK and France the Ebro truck distribution franchise already has been switched to the Nissan importers.

However, both the GM and Nissan projects are examples of companies acting in isolation. The Japanese companies as a group do not appear to have a strategic plan to enter closed European markets by means of local production.

Indeed, at the recent motor components conference sponsored by the Financial Times in Geneva, Prof Noritake Kobayashi insisted that Japanese vehicle manufacturers have no comprehensive strategy worked out for the setting up of production plants in other parts of the world.

Prof Kobayashi, a director of Toyo Kogyo—the Mazda group—and Professor of Business at Keio University Business School, revealed he had carried out a small survey of the Japanese vehicle groups to see where they might consider buying components and materials as they set up plants outside Japan.

He said: "My frank evaluation of many of the actions taken by members of the Japanese motor industry is that they are only reactive actions to meet immediate requirements rather than expressions of well thought out, long-term basic strategies."

The Japanese are aware of the need to develop a "grand design," said the professor, "but it will take some more time for any Japanese company in the auto industry to develop a comprehensive strategy in definitive terms."

Lack of a comprehensive strategy, however, has certainly not prevented the rapid rise of the Japanese as producers of vans and light trucks—a development which is having as profound an impact on world markets as the previous emergence of the Japanese car industry.

According to the Japanese Automobile Manufacturers Association (JAMA), 1.76m small commercial vehicles were produced in Japan last year as well as 1.2m "midget" or micro-vans. To give this some perspective, output of vans up to 3.5 tonnes gross weight in the five major European vehicle production countries, France, Italy, the Netherlands, West Germany and the UK, last year was about 840,500.

What makes the Japanese performance even more awe-inspiring however, is that a whopping 78 per cent (1.38m) of the small commercials were

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VANS AND LIGHT TRUCKS II

Buoyant market as demand moves ahead

THE U.K.

STRENGTHENING DEMAND from UK service industries, and from public utilities using up budgets under-spent thanks to lower than expected interest rates, is creating e buoyant UK market for light commercials this year.

By some industry estimates, the market for purpose-built vans of up to 3.5 tonnes gross weight could reach 125,000, a 7.5 per cent rise on 1982 and matching the record level of 1979.

Sales of smaller vans, derived from cars, are expected by Ford to reach 85,000, a 30 per cent rise on the 65,700 of last year. And given the trend of 1983's first four months, that expectation may prove pessimistic: sales were running at an annualised rate of 94,000 to the end of April.

Only trucks of between 3.5 and 7.5 tonnes continue in a downturn. However this reflects a polarisation in demand observed over the past few years; some buyers dropping below 3.5 tonnes to avoid operator licences; others moving up to just under the 7.5 tonnes threshold, above which Heavy Goods Vehicle licences are needed.

This tendency has led Ford to cease production after nearly 20 years of its "A" series trucks. It is filling the gap by offering extra long wheelbase versions of its Transit van (due in the next few months) and further downsizing its Cargo heavy truck—which can be done at relatively little cost—to just under 6 tonnes.

The revival of demand for light commercials has been good news for a UK industry still struggling to emerge from its worst recession for over 30 years (demand for heavy trucks is still stagnant).

No less important has been the disappearance of the Japanese as a major threat in the light commercial market. In 1981, with Japanese importers having raced to a 25.6 per cent share, talks between the Society of Motor Manufacturers and Traders and its Japanese counterpart, JAMA, produced the extension to light commercials of the "gentlemen's agreement" restricting car sales to 11 per cent of the UK total.

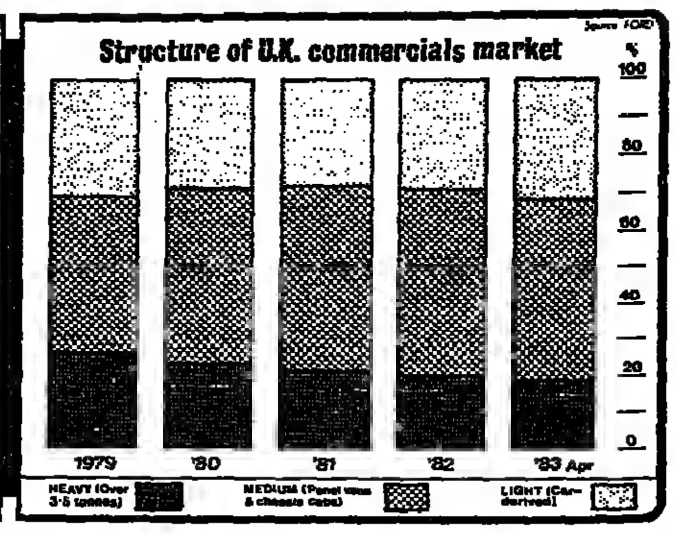
The Japanese share dropped sharply last year as a result to just over 9 per cent and up to the start of June this year stood at 11.7 per cent.

UK manufacturers were not as successful as they might have been in filling the gap. Certainly, Ford—thanks in part to a Transit model and price realignment in May, 1982, aimed primarily at giving the Japanese an extra shove out of the door—has restored its share from 29 per cent then to 40 per cent but that reflects, too, last year's launch of its phenomenally successful P100 one-ton pick-up imported from South Africa. The P100 captured sales leadership of the pick-up market within two months of its launch and continues to strengthen its domination—3,275 were sold in the first five months of this year alone.

Faltering

BL's light commercials subsidiary, Freight Rover, has also made noticeable gains. In 1980, it seemed not long for this world: sales of Sherpa vans were faltering, it was overmanned and losing money—and was still part of the volume cars business.

By 1981, it had been moved under the Land Rover umbrella and a £30m investment programme was under way. An almost halving of the workforce to 1,200 helped lift productivity by a third. By August 1981, a rearranged Sherpa range was on the market and sales on the way up.



For 1981 overall Sherpa sales were up 42 per cent in e light commercials market 17 per cent down. Freight Rover finished 1982 with sales up by 13 per cent to 9,617 units, and a market share of 13.5 per cent.

Since the end of last year weekly output has been raised three times and Freight Rover's current market share is 16.5 per cent.

Bedford and Dodge, the latter now wholly owned by Renault, have fallen back, however. Bedford's share of the purpose-built van market, 11.5 per cent last year, is now 10 per cent, while Dodge's performance was affected by the ending last year of production of the Spacevan.

It was the intent of Karrier Motors, under whose name the Renault subsidiary operates, to assemble Renault Trafic and Master vans if sufficient orders could be secured from British Telecom. But the greatest share has gone to Freight Rover, and the prospect of UK assembly now looks remote.

Meanwhile, Talbot, Renault's 50-50 partner in Karrier—Renault's intends to acquire 90 per cent by the end of the year—is compensating for the Spacevan's loss with the Talbot Express. However, this is in reality another imported version of the Ducato range being built jointly by Talbot's parent Peugeot and Fiat sold also as the Peugeot J5 and Citroen C25.

The net effect is that Continental importers have also gained much ground. Their combined share of the purpose-built van sector has jumped from 11.5 per cent in 1981 to 18.5 per cent now.

A considerable factor has been the introduction of new models (Trafic, Master, diesel and petrol, Bremen vans from Daimler-Benz and a revised LT range from Volkswagen). But it is by no means inevitable that the advance will continue, as a number of developments should strengthen the UK-based makers' position.

Most startling is Bedford's plans to expand its range with two light commercials based on Japanese products. One is a "microvan" — resembling a very small Transit, with ½-tonne payload and engine of under 1 litre the other a one-tonne panel van, of the type which had proved a big seller for Japanese importers.

The microvan would be based on a model from Suzuki, in which Bedford's parent General Motors has a 5 per cent stake; the other a panel van, designated as the WFR, has e 34 per cent stake in Isuzu.

The idea is to have at least 80 per cent European content for both models, so that Bedford can sell them througbout Europe. Since they are—in theory, at any rate—complementary to Bedford's existing commercials range (Bedford's main panel van, the CF la larger, starting at 1.5 tonnes), the plen is consistent with GM's restructured "world" commercials operation aiming to draw on its subsidiaries and associates to plug market gaps, as well as develop new joint commercials (the CF replacement is expected to a "world" van, but is unlikely to appear before 1986).

The microvan is something of an enigma, however. Hitherto a nniquely Japanese product, its true potential in the UK was never tested. Sales began in the late 1970s, and had risen to 6.1 per cent of the market wben the JAMA-SMMT curbs were imposed. Because they were cbeap—under £3,000—it was inevitable that they would slip down importers' priority lists because profit per unit is small.

Whether a Bedford "micro" in unrestricted supply might hit salea of its popular Astra or other car-derived vans remains to be tested. Botb Bedford and Ford think it unlikely. But a likely casualty would be Bedford's HA van, derived from a Veuxhall Viva model of the 1960s, output of which is down to about two an hour following the collapse of orders from public utilities.

Austin Rover's Metro van, which will be joined by a van version of the Maestro

The car-derived van sector is dominated by Ford, Austin Rover and Bedford. Imports currently account for 22 per cent, although nearly a quarter of that figure is accounted for by Ford, through imports of Spanish-built Fiesta vans.

Ford is just the market leader so far this year with 32.5 per cent against Austin Rover's 29.9, while Bedford is a strengthening third with 19.3 per cent.

Bedford's rising strength is due partly to the 1.6 litre diesel version of the engines powering its cars some 40 per cent of all Astra van sales are now of diesels. But Ford, too, should be able to widen sales of its Escort and Fiesta vans, as a result of its own new 1.6 litra diesel—claimed to give up to 70 mpg—going into production at Dagenham in Septemher.

Meanwhile, Austin Rover'a launch of a van veraion of the Maestro within the next 12 months is certain to strengthen its own light van sales.

Beck in the up to 3.5 tonne van merket, Freight Rover next month plug an important gap in its own range with the launch of the MT 210—a range of panel vans which will go up to 3.5 tonnes (the Sherpa stops at 2.5).

Ford's Transit, nearly 18 years old, remains the UK market leader by a huge margin in this sector (44,000 sales last year against second placed Freight Rover's 9,617). And it has kept this piece despite Ford not having spent a penny, it says, on incentives since May 1982.

However, development of the Transit's successor—code-named Triton—is well advanced. Most industry observers would be surprised if it arrived any later than 1985. In the meantime, Ford plans some "fresbening" of the Transit later this year, including an extra long wheelbase version to meet, at least in part, a growing cballenge from extra-large vans heing offered by Mercedes, Iveco and others in weights as high as 6 tonnes. (The emergence of these large vans was another factor in Ford's decision to abandon its "A" series truck.) Tbe lengthened Transit will still not go above 3.5 tonnes; what it will offer is the potential to carry a larger volume, rather than weight, of goods.

Priorities

Given the discounting chaos in the new car market, its relative absence from the light commercials sector might appear surprising. But buyers of such vehicles, particularly fleet operators, tend to be conservative, with priorities other than price. Ford's own market research ranks buyers' priorities, in descending order, as: reliability; fleet standardisation; appropriate sizes for needs; previous experience and reputation; spare parts availability; and only then, price.

Tbis is in line with Daimler-Benz's stance when launcbing its diesel Bremen vans in the UK a couple of years ago, wben Japanese sales were accelerating. It pointed out then that initial purchase price represents only about 40 per cent of whole-life costs.

It may be that pricing will loom larger. Daimler-Benz's van plants are operating well below capacity; Renault's Trafic and Master domestic sales face problems because of the French government's austerity package, so more stress is being put on exports. The Peugeot-Fiat Ducato plant has added to Europe's capacity. Inevitably, there may he an increasing temptation to try to "buy" market share.

John Griffiths

Strategies vary in commanding huge market

FRANCE

VANS, or the "petits utilitaires" es the French like to call them, have long been a speciality of the French motor industry. Between them, France'a two large car companies, the atate-owned Renault group and the private Peugeot-Citroen-Talbot group, account for a substantial share of the European Community market for light trucks and vans. In France, of course, they command the biggest share of the market.

In Europe, the two Prench companies traditionally have held about 35 per cent of the market, while in France they command ebout 80 per cent of the domestic market. Both companies have consolidated their positions in the van business during the past four years by bringing out new models designed to improve the competitiveness of their respective van and light trucks range.

But the strategies of the two French producers in this sector of the motor business differ considerably. Renault's approach from the beginning has been to transform itself into a supplier of a complete range of commercial vehicles, from very small vans to heavy duty trucks.

The atate car concern bas recently committed itself even more in the commercial vehicle business by agreeing to acquire control of Mack Trucks of the U.S. from the Signal Corporation. At the light end of the commercial vehicles market, Renanlt filled wbat boles were left in its line by bringing out the Trafic and the Master. The Trafic filled the gap in the 1.5-2.5 ton range while the Master filled the hole in the 2.5 to 3.5 ton range.

For Renault, the commercial vehicles business forms an integral part of the car company's overall industrial strategy. By contrast, the Peugeot group regards the commercial vehicles business as marginal to its overall strategy. Indeed, Peugeot is currently considering moving out of the truck business it inherited in Europe when it acquired the European operations of Chrysler.

However, the private car company says it is committed to the light trucks and vans business although it views it as a spin-off from its traditional passenger car activities. M Jean-Paul Parayre, chairman of the Peugeot group, said recently he was interested in perhaps expanding Peugeot's presence at the light end of the commercial vehicles business. This would involve vehicles of up to about three tonnes. He made it clear, however, that be was not interested in expanding Peugeot'a activities in beavier parts of the truck market.

Moreover, Peugeot, unlike Renault, has decided not to go it alone in the light vans and trucks business. Because it felt the overall market itself did not justify large-scale industrial investments, Peugeot negotiated a joint venture with the Fiat group of Italy to produce light trucks and vans.

The venture led to the construction of a modern plant at Val di Sangro in Southern Italy, near the town of Pescara, which was officially opened at the end of November 1981. The plant has capacity to produce 350 trucks a day. The vans are in the 2.5 tonne range. Piat markets its vans under the Ducato name while Peugeot calls the identical van the J5 and Citroen calls it the C25.

Tbe Val di Sangro joint venture has become regarded as one of the more successful examples of the kind of co-operation possible between European motor manufacturers to achieve effective economies of scale in specific sectors.

Collaboration at a more substantial level is now generally ruled out as wishful thinking, especially after the failures of recent years due largely to either nationalistic policies or to clashing market aspirations, or both, on the part of the respective parties. In the case of Val di Sangro, the joint venture meets Peugeot's demands largely directed towards its own domestic market in France while satisfying Fiat's needs for its own bome market.

Pressure

Peugeot clearly was under some pressure to enhance its line of small trucks and vans if it were to keep up with Renault on its bome turf. Indeed, until Renault came out with the Trafic and the Master, Peugeot had a large penetration of the French market than its state-owned rival. Peugeot's share of the Frencb vans market between 1977, 1978 and 1979 was respectively 45 per cent, 47 per cent and 44 per cent, while for the same three years the market share of Renault was 43.5 per cent, 40.5 per cent and 40.1 per cent.

Renault subsequently overtook Peugeot in 1980, taking 41.7 per cent of the French market compared with 40.3 per cent for Peugeot rising to 47.9 per cent in 1981 compared with 34 per cent only for Peugeot in 1981.

The dramatic increase in 1980 and 1981 reflects the launch of Renault's new Trafic and Master models. Peugeot, however, has now reduced this imbalance in part by marketing its new vans produced in Italy. Last year, the Peugeot group sold 11,940 J5 vans and a further 10,720 C25 vans in France, representing between them nearly half of the 48,000 vans the Peugeot group sold in France last year.

Although the general outlook for French industry this year is depressed, with fears that car sales in particular could slow significantly in the autumn, the prospects for vans and light trucks appear a little better. In the case of cars, the French manufacturers worry that the government's latest austerity measures will further reduce consumer spending in France. But they also acknowledge that more new customers might be tempted to buy a small van rather than a car.

The reason is quite simply that Value Added Tax on passenger cars in France is a whopping 33.3 per cent while VAT on vans is 17.6 per cent. Already a good number of French companies have bought vans for their salesmen or representatives to take advantage of the lower VAT rate.

Paul Betts

Caution as recovery begins

W.GERMANY

VOLKSWAGEN BELIEVES it may have to reintroduce short-time working at its commercial vehicle plant in Hannover later this year. It also recently offered redundancy pay to workers prepared to quit their jobs at the factory.

On the other hand, however, VW has notched up an increase in deliveries of commercial vehicles to customers in West Germany in the first seven months of this year.

These developments illustrate some aspects of the small trucks and vans market in West Germany, where there is at the moment a mixture of hopeful and depressing signs. In these circumstances, manufacturers and industry representatives are cautious about making forecasts for the future.

Production of commercial vehicles in the lighter classes—up to a total permissible weight of six tonnes—has begun to pick up in West Germany, after dropping to a drastically low level.

From a peak of 167,230 such vehicles in 1980, output sagged 22.8 per cent in 1981 to 144,540. The decline slowed to a rate of 5.8 per cent in 1982 with output slipping to 136,180.

However, lumping all domestic producers together, a recovery in output has been noticeable since late last year. In the first seven months of this year, production reached 84,025, an increase of 7.2 per cent on the corresponding period last year.

Similarly, sales of vans and light trucks within West Germany have also begun to show signs of recovery, after a sharp fall.

New registrations in the classes to six tonnes, which had reached 95,500 in 1980, dropped 13 per cent to 83,120 in 1981. The decline in registrations actually accelerated last year as recession deepened, falling 18 per cent to 68,150.

However, in the first half of this year registrations were 9.4 per cent up on the same period last year, reaching 39,970.

The production and domestic sales figures seem to give some cause for optimism—in contrast to the sharp fall in production of larger trucks, which face declining orders from oil-producing countries. However, industry representatives point out that the setback of the past two years has been extremely sharp and any improvement is still only moderate.

A lot will depend on whether economic recovery can gather pace in West Germany and whether export markets can improve. They believe it is still too early to speak of a sustained recovery in the West German market for small commercial vehicles.

The overall statistics also mask the varied fortunes of individual producers. Volkswagen, for example, still has agonising problems, aggravated by growing competition — at home and abroad — from the Japanese. Daimler-Benz, on the other hand, while restrained in its assessment of the situation, conveys a less troubled image.

VW, whose commercial vehicles are mainly at the lighter end of the small truck and van market, has borne the brunt of the pressure from imports, which also tend to be of the smaller varieties.

In the past few years the number of imported models has mushroomed. After concentrating earlier on the car market, the Japanese have moved into the German small truck and van market with methodical determination. Toyota, Suzuki, Nissan, Mitsubishi and Daihatsu are all seeking to build up market niches which together amount to a sizeable share of total sales. The French and Italian manufacturers are also making inroads, with Renault, Citroen and Fiat all enthusiastically pushing commercial vehicle sales.

As a result, VW has steadily lost some of its market share in the past few years, while the imported models have gained ground. At the moment, however, VW claims to be in general holding its market share.

The Japanese have boosted their hold on the West German market in the classes to six tonnes from 4.5 per cent in 1981 to about 10 per cent now. The French manufacturers, who have much smaller shares, have made slight headway, while Ford, which has had about 11 per cent, has yielded ground lately.

In these circumstances, VW's commercial vehicles operation is giving it severe headaches. Production is running below the level a year ago and well below capacity.

Volkswagen has made gains in domestic sales this year, but the recovery is from such a deep trough that it judges the position as still very unsatisfactory. VW's main light commercial vehicles, the Type 2 Transporters, notched up a 5.9 per cent increase in deliveries to customers within Germany in the first seven months of this year, compared with the same period last year.

Sales of the heavier LT classes, over 2.8 tonnes, were up 9.4 per cent. Taking account of the new Caddy — produced in Yugoslavia — total deliveries to customers in West Germany reached 39,644, up 16.6 per cent on a year earlier.

However, the domestic gains were more than offset by a 21 per cent decline in exports, to just over 41,400. Deliveries to customers in other European markets fell 15.6 per cent to 31,510. Deliveries in the U.S., on the other hand, rose by 15.1 per cent to 8,720 as the American market picked up, but the recovery is nevertheless from a sharply contracted level.

VW cites various reasons for its problems, but especially poor demand at home and abroad, rather than pressure on its market share. Taking all its light vehicles together—the Caddy, the Type 2 and the heavier LT models—VW puts its market share between January and June at 43.9 per cent, only a little lower than the 44.5 per cent share a year earlier.

Short-time working has been a regular feature of life at the Hanover plant, which employs more than 20,000 workers. Under an agreement on working arrangements, the company could not bring in further short-time working during the three months July-September, but says that it cannot be ruled out later this year.

As part of a bid to scale down manning levels, VW recently offered "mobility aid" of DM 18,000 to workers prepared to leave their jobs. About 600 workers accepted the offer.

The company has taken other steps to improve its position, including technological measures. It has introduced new engines in a bid to provide better performance, more fuel efficiency and sought lower noise levels. It has brought new models to the market to fill gaps in its range—the Caddy, with a gross weight of 1.6 tonnes, and the LT-50, at the heavier end of the range, with a gross weight of 5 tonnes. It is also building up its marketing and servicing activities for commercial vehicles, separately from passenger car activities.

Meanwhile, Daimler-Benz, which has managed to avoid short-time working in its operations, has recorded a 5.9 per cent increase in production of commercial vehicles up to 6 tonnes to 31,390 in the first half of this year. Its new registrations within Germany edged slightly ahead to 15,210, compared with 15,100 in the same period last year.

Exports of Daimler-Benz light commercial vehicles in the first half of the year were up 8.4 per cent at 17,766. Sales showed a relatively big increase in Britain and France, but fell in the Netherlands and Italy.

Daimler-Benz bas been less vulnerable to import competition and bas retained a market share of around 22 per cent in the combined classes to six tonnes, although its share is much greater at the heavier end of the range. It is in the process of transferring light commercial vehicle production from Bremen to Düsseldorf, a project which may be completed by the middle of next year. Bremen is to become a second car assembly operation, in addition to its works near Stuttgart.

Daimler-Benz and VW—as well as Ford—believe that one of their strengths is the ability to offer a wide range of varieties of commercial vehicles, built or adapted to suit the specific needs of various types of user. Although the Japanese cannot match such variety, they are steadily building up the number of models on offer in West Germany and in other European markets.

John Davies

PRODUCTION OF VANS AND TRUCKS IN WEST GERMANY

	1981	% change from previous year	1982	% change from previous year	1983 (Jan-June)	% change on a year earlier
Lightweight (up to 6 tonnes)	144,540	−22.8	136,175	−5.8	79,075	+7.9
Medium weight (6 to 12 tonnes)	54,007	−9.9	53,368	−1.2	24,217	−5.5
Heavyweight (over 12 tonnes)	73,927	+9.0	67,790	−8.3	29,209	−24.2
Total (all classes)	272,474	−13.5	257,333	−5.6	132,501	−3.6

Source: West German Automobile Industry Association (VDA).

Japanese reach further

CONTINUED FROM PREVIOUS PAGE

Nissan, for instance, recently introduced its Vanette, with a four-cylinder 1.5 litre engine, in two versions—as a small bus with seven or nine seats and a transporter. It is joining Mitsubishi and Toyota in a sector of the market where there had once been a gap, namely between passenger car/Kombis and the lightest VW transporters.

General Motors is currently putting its weight behind a market drive in Europe, including West Germany, for Japanese light commercial vehicles—Isuzu models under 3.5 tonnes gross weight. Dealers in GM's Opel network are being enlisted to help market the vehicles made by Isuzu, in which GM has a significant share stake.

Opel is already involved in a commercial vehicle operation of its own in West Germany, lifting output from 6,490 in 1981 to 9,640 in 1982. The vehicles are virtually entirely for export markets, notably Scandinavia.

With the West German economy showing some signs of moderate recovery, local producers of vans and light trucks are anxiously eyeing the economic indicators for signs of a sustained upswing. At the same time, it is clear that importers are also poised to take advantage of any improvement in market conditions.

exported. (The microvans are so peculiarly designed to suit Japanese market conditions—and are so relatively low in value—that very few are exported. Only 60,000 were shipped out from Japan in 1982).

With North American exports of light commercials practically non-existent, the European makers were bound to suffer most as Japanese exports of light commercials doubled during the past ten years.

The Europeans found themselves priced out of the markets on Japan's doorstep and severely squeezed in "neutral" markets nearer home.

To give some examples: Since 1979 the Japanese share of the light commercial vehicle market (excluding car-derived vans and microvans) in Austria jumped from 5 to over 23 per cent; from 20 to 37 per cent in Belgium and from 17 to 38 per cent in Switzerland.

But in most of the major European markets, the Japanese have found their way barred by protectionist measures. France and Italy exclude Japanese vehicles of all types except for a minimal number (up to 3,000 in Italy and up to 3 per cent in France).

After a brief, but very steep, rise in Britain, light commercials were linked with the restraint on car shipments and the Japanese share of the light commercial market has fallen back from 26 per cent in 1981 to 11.5 per cent.

Among the main vehicle producers, only West Germany has followed an "open-door" policy and the Volkswagen group has certainly suffered as a result. As the Japanese share of the market for commercials between 1.2 and 3.5 tonnes jumped from 4.5 per cent in 1980 to 18 per cent in the early part of this year, Volkswagen's penetration of its home market fell from 52 to 46 per cent.

Of course, VW has had to contend with competition from the European groups, too, because there has been considerable activity in the sector.

Iveco, the Fiat subsidiary, introduced the Daily van and more recently the Ducato van made in Southern Italy at a plant jointly owned with the Peugeot-Citroen-Talbot group. The same van is sold as the Peugeot J5, the Citroen C15 and the Talbot Express.

Renault has launched its Trafic-Master van range specifically design to appeal to a wide cross-section of European markets.

In Britain BL has invested in its Sherpa van business and improved the product range.

All these new vehicles — including VW's replacement for the Transporter and Daimler-Benz's new Bremen van — will only intensify competition in Europe this year at a time when demand is likely to be below the 1982 level.

For example, in its latest European Trucks Forecast Report, DRI Europe says: "The exception to the improving European demand (for commercial vehicles) picture is again the light sector.

"As the consumer cycle has lagged the recession in industrial activity, van sales held up longer — especially in France and Italy. The downturn in these two large markets will cause a contraction of sales this year, though modest growth will be achieved thereafter."

The low-demand phenomenon has not been confined to Europe. The recession has cut sales worldwide. As the major producers of light commercials, the Japanese have not been able to escape the consequences. Japanese output of light commercials last year (excluding the microvans) dropped 10 per cent from 1.99m in 1981. Exports fell even more sharply, by nearly 13 per cent to 1.57m.

Output and exports fell yet again in the first quarter of 1983 so the European light commercial vehicle manufacturers can at least console themselves with the knowledge that the Japanese are feeling the pinch just as much as they are during this painful period for the industry.

VANS AND LIGHT TRUCKS IV

New range increases Fiat domination

ITALY

FIAT these days is a company on the mend, and that is as true for its light commercial vehicle and truck operations as it is for cars, for which the Turin group is best known.

As might be expected, Fiat comfortably dominates the light commercial sector in Italy, thanks in good part to its extensive distribution *network and entrenched influence*. But now a third ingredient makes the combination even more formidable — the Ducato range of vans.

Production of the Ducato has been in progress for less than two years at the computerised and highly-automated plant of the Sevel company, jointly owned by Fiat and by the French Peugeot Citroen group. It is sited in the valley of the River *Sangro running inland from* the Adriatic coast south of Pescara.

Transformed

Results so far, according to Sig Bruno Schembari, head of the commercial vehicles domestic sales division of Fiat Auto, the car subsidiary of the Fiat group, have exceeded every hope.

Total capacity of the plant, which represents an *investment of L250bn ($167m)* and 3,500 new jobs, is 80,000 vehicles a year. Part of the output will be sold in France under the Peugeot and *Citroen* marques. But in Italy alone the Ducato has transformed the key middle sector of the market in which it operates.

Between 1981 and 1982, Fiat's share of the market for such vehicles, with a load capacity of about 1.3 tonnes, leapt from 26.7 per cent to *50.1 per cent. In the first* two months of 1983, that figure rose to 57 per cent — mainly at the expense of models traditionally strong in *Italy, such as the Bedford* range and the Ford Transit, both of them manufactured in the UK.

If this trend is maintained through the year, sales of the Ducato in Italy might exceed the figure of 26,680 achieved in 1982, despite the likelihood of a contraction in the market as a whole, while the economy remains flat.

Fiat claims that the vehicle's success is due to the quality of its finish at what is said to be Europe's most advanced production plant, and to the range of models available. In fact, there are a total of 80 versions of the five main Fiat contenders in the commercial vehicle market: the Marengo, the Fiorino, the 900E (the last two derived from the popular 127 car), the Ducato, and the Fiat 242.

Perhaps the most telling blow has been the advent of the diesel version of the Ducato, tailor-made to take advantage of the widespread price advantage of diesel fuel over petrol, not only in Italy but in key North European *markets such as France, Belgium and Holland.* Only this *year will the Ducato become* fully available throughout Europe, but Fiat executives expect "significant improvements" in market shares as a result.

What is true of the Ducato is equally true of the Fiorino. Already its range of pick-ups, vans, and multi-purpose *models had given it a powerful dominance of its sector in* Italy (Fiat has regularly claimed over 80 per cent of total domestic sales in the *500 kg load class). Now, like* its 127 car cousin, it has added a diesel version to its range, to increase its appeal both in Italy and for export.

Elsewhere in the commercial vehicle market, Fiat's pre-eminence in Italy is less absolute: in the 1.3 to 1.8 tonne load class, the 242 E saw its unit sales slip from 40,270 in 1981 to 31,960 in 1982, while its market share dropped almost 10 percentage points. But there were signs *of a recovery in the early part* of this year.

In any case, figures released by Fiat show a steady increase in its share of the market which has virtually doubled since 1975. The company captured 47.8 per cent of last year's total of 111,290 units, and hopes to lift that to over 50 per cent in 1983. Exactly as for its car division, home sales are crucial; of Fiat's total European sales of 80,000 light commercial vehicles in 1982, two-thirds were achieved within Italy itself.

The Fiat Auto commercial vehicle range merges into the smaller models produced by Iveco, the separate industrial vehicles subsidiary of Fiat SpA, the group holding company. These are basically the Daily series of light trucks with a payload capacity of between 1.5 and 2.5 tonnes, and the Grinta range produced by the OM division of Iveco.

Shrinking

The sector has been hit by the static economic conditions throughout Europe; but it was a small consolidation for Iveco to increase—albeit narrowly—its share of a shrinking sector to 64.4 per cent from 63.4 per cent.

Fiat obviously accounts for by far the greatest share of Italy's total output of vans and light trucks, but Alfa Romeo, the State-owned car manufacturer, retains a tiny interest in the sector through its subsidiary Arveco, based at Pomigliano d'Arco, close to Naples. In 1981, Arveco experienced a wretched year, as only 1,300 of its LR-8 and F-12 models were sold, and its 1,700 workforce suffered heavy layoffs.

In 1982, the picture was even bleaker. Sales slipped by value to *L83bn ($51m) from* L89bn the previous year, and in unit terms to little more than 1,000 vehicles from 1,300 in 1981. Once again, however, the Arveco division reported a small profit, of L164m, compared with L138m in 1981.

Rupert Cornwell

Fiat's Fiorino Special. The company comfortably dominates Italy's light commercials, due partly to its extensive dealer net.

SPAIN'S PRODUCTION, SALES AND EXPORTS

	Vans									Light lorries†								
	Production			Home sales			Exports			Production			Home sales			Exports		
	1981	1982	%	1981	1982	%	1981	1982	%	1981	1982	%	1981	1982	%	1981	1982	%
Enasa/Pegaso	3,930	2,662	−32	3,842	3,254	−15	7	49	+600	787	616	−22	768	649	−16	1	24	—
Mercedes	12,222	10,474	−14	9,084	8,706	− 4	987	1,156	+17	1,966	1,706	−13	1,802	1,461	−19	39	38	− 3
Motor Ibérica	11,147	8,789	−21	9,535	8,042	−16	1,451	964	−34	6,605	7,225	+ 9	5,928	6,571	+11	657	507	−23
Total	27,299	21,924	−20	22,461	20,002	−11	2,445	2,169	−11	9,358	9,547	+ 2	8,498	8,681	+ 2	697	569	−18

† Between 3.5 and 8 tonnes maximum authorised weight.
Source: Based on figures from National Car and Truck Manufacturers Association (ANFAC).

Export boost revives flagging demand

SPAIN

SPAIN, WHICH has continued to attract foreign investment in the motor industry, is girding itself for battle in the EEC in the late 1980s. But it has one division that already appears less equipped for the fray than the others, and that is the light commercial vehicle sector.

Unlike passenger cars, where a fragile recovery last year has been carried forward by the build-up of production at General Motors' hyper-efficient new plant at Zaragoza, and unlike the heavier vehicle sector, where a weak home market has been offset by a $1bn-plus export contract with Egypt, the intermediate range of vehicles provides few sources of encouragement.

This sector, like the others, is now settling down in its new shape after a far-reaching reorganisation.

Since the start of the decade, Spain's motor industry has been through a series of withdrawals and new arrivals, altering the balance between Spanish state, private and foreign interests.

There has been Fiat's pull-out from a 30-year partnership and share holding role in the car producer Seat; Massey-Ferguson's withdrawal from a minority position in the tractor and utility vehicle manufacturer Motor Iberica; and International Harvester's pull-out from what was shaping up as a takeover of the lorry and bus group Enasa.

Into the breach has come Volkswagen, in an agreement with the now fully state-owned Seat; General Motors, whose arrival brings to six the number of major car producers in Spain; Daimler-Benz, building up its stake in what is now Mercedes-Benz de España; and—the first Japanese arrival — Nissan, which took Massey-Ferguson's place and has progressively been increasing its stake in Motor Iberica to more than 60 per cent.

The shake-up leaves the car and commercial vehicle sectors basically separate as before. It happens that, as a general rule, the only parts of the commercial vehicle market that are in any way thriving are those that do not belong to the three main *commercial vehicle companies.*

These are small vans adapted from passenger cars, of which the principal suppliers are Citroen, Fasa-Renault and more recently Seat, and which have continued to do well on the domestic market even though exports have dropped this year. The hard-to-place category of *four-wheel-drive vehicles*, which despite the recent production start-up of the Nissan Patrol, remains overwhelmingly dominated by Land Rover Santana, 48 per cent owned by the British company.

An export boost in the first quarter of this year helped revive a flagging trend in this sector.

The rest of the range of vans and light lorries is the domain of three companies, all of which are currently deep in deficit.

● **Enasa Pegaso**, which is nowadays under full control of the state holding company INI. It makes, alongside its armoured vehicle production at Valladolid, two basic kinds of J4 vans, of 800kg and 1,100 kg capacity, in various different versions from pick-up to micro-bus. Formerly known by the name of Sava, these are now marketed under the Pegaso label.

Enasa also makes three types of light lorries ranging from three to seven tonnes maximum *authorised weight. But it is* more interested in the business of heavy trucks and buses, where it is dominant.

● **Mercedes-Benz de España** is controlled by the West German group with INI as minority partner. With plants in the Basque country and Barcelona, it similarly has a small range of light trucks and, until recently, has been the country's biggest producer of vans, making the MB 100, 130, 150 and 170.

● **Motor Iberica**, which rather curiously began life under the title of Ford Motor Company, in Cadiz, but has long since dropped the Ford name, moved to Barcelona, and came under Japanese control. In the first quarter of this year, it took over Mercedes' position among van manufacturers, thanks mainly to a boost in exports as Mercedes dropped back.

It has only limited output of heavy lorries, but holds about three quarters of the light truck sector.

Last year, Motor Iberica managed to increase its overall production of light lorries in the 3.5 tonne to nine tonne weight range and its sales of these in the Spanish market. This offset sharp falls at the other two companies to keep Spanish output in line with 1981, although exports in this sector fell back 18 per cent to a mere 570 vehicles.

In the first three months of this year, however, although Motor Iberica managed to export more than 300 light trucks, overall production was 9 per cent down on the same period a year ago and Enasa was the only company to raise its output.

For vans, the trend is weaker still, and has been since 1977. Since then, sales on the domestic market have dropped about 40 per cent. Last year both the home and export markets shrank by about 11 per cent and Spanish output was 20 per cent down at below 22,000 vehicles.

Figures for the first quarter of this year show output almost level at last year's rate but only because of high exports in Motor Iberica's F.275 and F.350 categories, including a knocked-down version of the former.

The latter's range of Ebro vehicles is due to receive an addition next year in the form of Nissan's Vanette, for which a new Nissan-designed engine is due to be produced. Originally to have been introduced this year, the same year as the Nissan Patrol, this is the only real novelty in the offing.

David White

1982 PRODUCTION
(with percentage changes from 1981)

	Vans		Light trucks	
Enasa	2,661	−32	616	−22
Mercedes	10,474	−14	1,706	−13
M. Iberica	8,789	−21	7,225	+ 9
Total	21,924	−20	9,547	+ 2

Midget vans setting the trend

JAPAN

JAPAN'S DOMESTIC market for vans and light trucks has *been expanded in the last few* years by the birth of a new type of vehicle—the "midget" van with a 550 cc engine. The Suzuki Alto was the first of *this new class, which has* since experienced what one official at the Japan Automobile Manufacturers Association (JAMA) calls an *explosive growth in demand.*

Other vans of the same class are the Daihatsu Mira, the Subaru Rex Combi (manufactured by Fuji Heavy Industries) and the Mitsubishi Minicab. Between them, these four vehicles have contributed much of the growth in the "light van" sector of the Japanese motor industry in recent years.

Production of midget vans has climbed from 52,000 vehicles in 1977 to reach *424,000 units by last year, half* the light vans total, according to JAMA.

The four different models of 558 cc midget vans which are now on sale in Japan have roughly similar specifications and prices. Each can carry up to four passengers with a total payload of 250 kg. Fuel consumption works out at about 20 kilometres to the litre (140 mpg) and prices tend to be below Y500,000 ($2,030).

A special attraction of midget vans is the fact that tax and insurance rates for vehicles of 550 cc or below are well below those on larger vehicles.

Low purchase prices and low running costs have made the "midgets" popular as second cars in families where the husband uses the first car to go to work. Their popularity also reflects the fact that the number of driving licences held by women has been rising extremely fast in Japan during the past few years.

Because the tax and insurance concessions available in Japan for midget vans do not apply in overseas markets, the vans are not yet being exported to any great extent. However, three out of the four manufacturers have begun exporting vehicles in which a larger engine is mounted in the same body.

Suzuki's export version of its Alto midget is fitted with an 800 cc engine for overseas markets and has sold well in South East Asia and Pakistan as the SS 80. Fuji Heavy Industries and Daihatsu have also exported uprated versions of their midget vans.

Mitsubishi exports Minicab kits to a handful of overseas markets including Taiwan but has yet to start shipments of built-up vehicles.

Japanese mini and midget vans have not yet begun selling in the U.S. and have made an impact in only a few European markets. A European country in which Suzuki claims highly successful sales for the SS 80 is the Netherlands.

JAMA officials believe that Japan's "uprated" midget vans have no precise equivalent *anywhere else* in the world in terms of price and performance. They admit, however, that the BL Minimetro van and some of Fiat's *smaller* van-type vehicles come close.

Outside the midget sector of the market, demand for trucks has been relatively *static in Japan* recently. The main users of such vehicles, small businessmen and construction companies, have felt the impact of recession more strongly than larger companies in the past 18 months.

Private demand, however, has increased sales of what *JAMA calls "cab-over"* type vans (vans in which the driver's seat is located over the engine). These have grown at the expense of the *traditional "light van"* which in Japan is merely an estate version of a passenger car registered as a commercial vehicle.

Charles Smith

PRODUCTION OF LIGHT VANS
(including midgets)

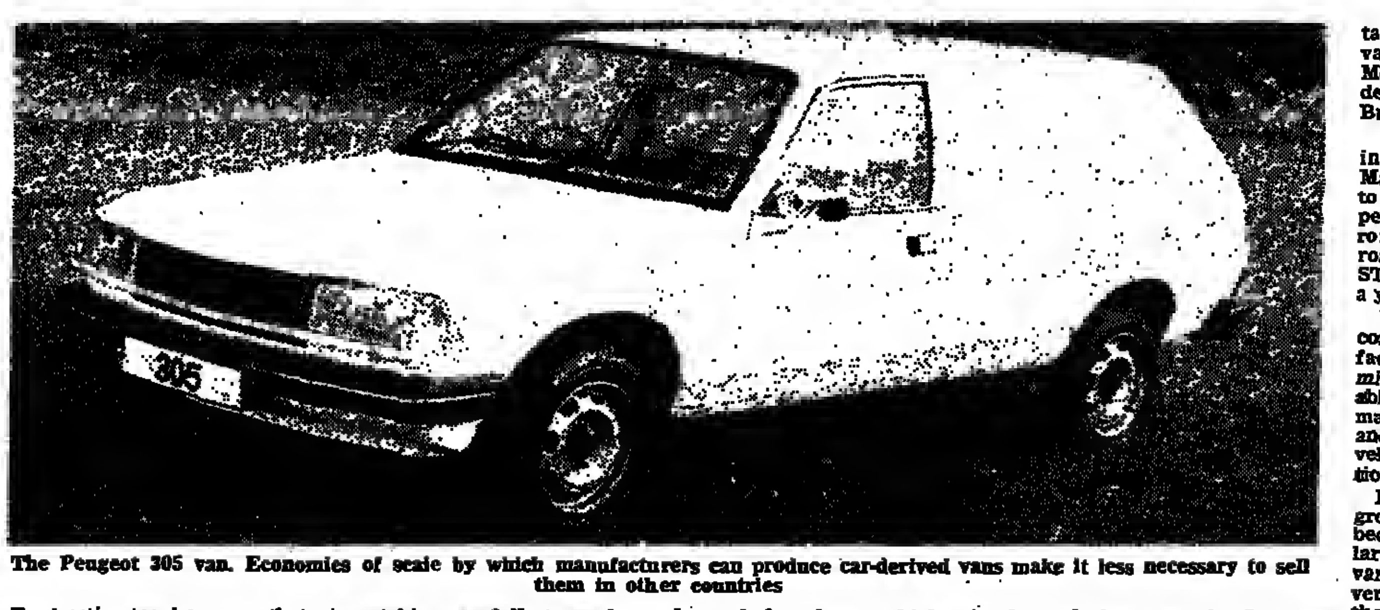
	Units
1979	592,150
1980	667,970
1981	826,790
1982	836,660

Source: JAMA.

Suzuki's ST 90 midget van. Low purchase prices and running costs have made these vehicles very popular as second cars but they are not exported to any great extent because Japan's concessions, tax and insurance, do not apply in overseas markets.

Car-derived vans—a sector dominated by France—still are generally produced for national markets, as **Kenneth Gooding** reports

Volumes and demand stay relatively low



The Peugeot 305 van. Economies of scale by which manufacturers can produce car-derived vans make it less necessary to sell them in other countries

IN MOST SECTORS of Western Europe's commercial vehicle market over the past few years "European" products have been developed by the manufacturers — products capable of breaking down the old national boundaries and finding favour throughout the area.

However, the car-derived van has bucked this trend. Partly this is because demand for this type of vehicle from one European country to another varies tremendously. West Germany buys hardly any, yet France represents the biggest market in Europe.

Economies

Another reason is that, because they are based on car components, manufacturers already have considerable economies of scale even if the *product is sold mainly in one* market. There is no urgent need to spread the development cost across sales in all the European markets.

However, by car standards the volumes are still relatively small and manufacturers prefer to keep car-derived van production limited to one plant even though the model from which the van is derived might be assembled in two or three facilities. Thus Ford produces the Fiesta van only at its Valencia plant in Spain even though the major market for the vehicle happens to be in Britain.

In Europe, the car-derived van business is dominated by France which normally accounts for 40 per cent of total annual sales of this type of commercial. Last year, for example, 182,000 car-derived vans were registered in France out of a European total of 398,000—a figure which also takes in sales of the car-derived van's nearest rival, the microvan.

As a result, France produces Europe's best-selling commercial vehicle because Renault says that output of its R4 van last year was just over 121,600, putting it ahead of Ford Transit production totalling 93,700 in 1982.

It remains to be seen just how big an impact the austerity programme introduced by the French Government will have on economic activity in that country and how depressed the car and car-derived van business will become.

Ford estimates, however, that demand for car-derived vans in France this year will drop to about 160,000 but the company readily admits it is considering whether it should revise the forecast downwards.

There have been suggestions that the French market for car-derived vans has remained comparatively high compared with the rest of Europe partly *because the country lacked* modern purpose-built, home-grown panel vans.

This has been put right recently with the advent of Renault's Trafic-Master range and the availability of the joint Fiat-PSA group van, sold in France as the Peugeot J5 and the Citroen C25. The industry is watching carefully to see how much business these purpose-built vehicles take away from the car-derived ones.

Price will be a major factor because France's huge demand for light commercials springs from its agriculture-based economy. Farmers are often more interested in buying a vehicle which will do an adequate job for a reasonable price rather than buying something more modern and sophisticated.

France will remain the major element in European demand *for commercial vehicles of up* to 1.2 tonnes gross (that is car-derived vans and microvans) whatever happens to sales there this year.

According to Ford forecasts, demand for these vehicles in Western Europe (15 countries with Greece being the only major exclusion) should rise this year to 402,000, up from 398,000 in 1982 and 334,000 the previous year.

Like many other manufacturers, Ford includes figures for microvans along with those for car-derived vehicles simply because that seems the most logical thing to do with these comparative newcomers to the European scene.

Some people refer to the microvans as "throw-away commercials" in that they are small, cheap and not particularly durable. They fit happily into the distribution scene in Japan where they originated and where production is mainly located—last year the Japanese companies turned out about 1.2m microvans.

With production on this scale, the Japanese were able to find room among their car shipments to Europe and sell the microvans at highly attractive prices.

However, when the Japanese found trade barriers—either official or unofficial—extended from cars to include light commercial vehicles too, the tactics were changed. With volume growth restricted by the barriers, the Japanese are looking for value growth by sending higher-priced products to Europe. And the microvans do not exactly fit that category.

The Japanese had proved, however, that there was a certain, limited demand for microvans and now it seems General Motors might cash in on that demand by assembling one in Britain at the Bedford facilities.

The microvan, which could be in production in the UK by May 1985, will be the successor to the Suzuki ST90. In that period when Japanese light commercial vehicle sales were roaring ahead in Britain, the ST 90 sold at the rate of 3,000 a year.

With a planned European content of 80 per cent of ex-factory value, the "Bedford" microvan *in theory should be* able to move freely into those major markets—such as France and Italy — where Japanese vehicles currently face restrictions.

Britain provides fertile ground for such products because it is Europe's second largest market for car-derived vans *although demand has been* very weak recently, reflecting the state of the economy.

Last year car-derived and microvan sales totalled about 65,700 in Britain. As economic activity picks up, Ford is forecasting that registrations will bounce back to about 85,000 in 1983.

In fact, in the first quarter of this year sales leaped to an annual rate of 95,000.

Demand seems to have been boosted in particular by the utility organisations—gas, electricity boards and ambulance authorities—which found they had money left in the kitty to be spent before the end of the financial year in April.

The sales figures were also influenced by Post Office's orders for Morris Ital vans from BL: the first order involved 2,500 and the second 3,000 vehicles.

BL's other contribution to the exceptional car-derived van figures was to launch the Metro van. (The Longbridge lines are also programmed eventually to produce a Maestro van and that too, will have a considerable impact on the UK market.)

One talking point in Britain is the sudden interest in diesel-engined car-derived vans. It really does seem that if diesel vehicles are available the British will buy them even though the price difference between petrol and diesel fuel scarcely encourages the trend in the UK.

Accelerate

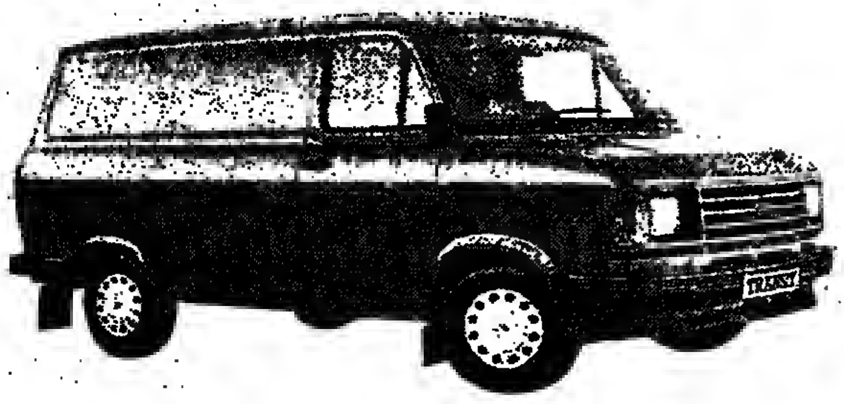
However, since the diesel version of the Vauxhall Astra van became available it has accounted for 40 per cent of total sales of that particular vehicle.

The move to diesel will be accelerated next year when Ford offers its new 1.6 litre, Dagenham-built diesel in the Escort van. Official fuel consumption tests on the new diesel (but in a Fiesta car) gave 75 mpg for urban driving and over 70 mpg at a constant 56 mph.

Ford is fortunate in that another of its European "home" markets, Spain, is the third-largest for car-derived vans, taking 47,000 last year. The group forecast this will rise to 49,000 in 1983 in spite of uncertainties for the Spanish economy.

Once again, a new product will play its part in boosting interest and therefore demand. This year in Spain it is the Seat Trans, based on the Panda, which will have that effect.

THE NEW FORD TRANSIT: ANOTHER MILESTONE IN RELIABILITY.



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The emphasis on trimming running costs is likely to have an increasing impact on diesel sales, reports **John Griffiths**

Commitment to diesel engine still growing

THROUGHOUT THE fluctuations in demand for light commercials in various parts of Europe during the past decade, one trend has persisted: a growing commitment by purchasers to the diesel engine.

This applies to light vans, derived directly from cars, as well as to purpose-built panel vans, many of which have their power trains rooted in passenger vehicles even if their bodywork is divorced from them.

Since 1980, the trend has accelerated considerably. In the seven main European markets—West Germany, France, Italy, the UK, Belgium, Netherlands and Spain—for example, the diesel share of panel vans went from 41 per cent in 1980 to 55 per cent in 1981. In a recent study, consultants Automotive Industry Data forecast that the level would be 79 per cent by 1986. It was a mere 27 per cent in 1974.

In Spain, penetration has already reached 100 per cent.

In unit terms, this means that out of the 450,000 panel vans of between 2 and 3.5 tonnes gross weight registered in the seven countries in 1981, just under 250,000 of them were diesel-powered. AID's estimate of 464,000 registrations for such vehicles in 1986 would mean that 367,000 of them would be diesels.

Diesels in car-derived vans are a newer phenomenon, given a big push by Volkswagen's decision to develop a high-speed diesel, based on the petrol version, for its Golf hatchback—an instant success when it emerged in the late 1970s.

Coupled with the further big jump in oil prices in 1979, the associated recession and greater stress on vehicles with improved fuel economy — the sole advantage of the diesel — the diesel Golf acted as the catalyst for all the major manufacturers to involve themselves heavily in light diesel production.

Thus General Motors went to work on a 1.6 litre diesel version of the "Family Two" petrol engine powering its small and medium car ranges (Cavalier and Astra in the UK), against the background of the opinion of Opel, its West German subsidiary charged with car development in Europe, that diesels in the next few years would account for 20 per cent of all European car sales.

This month Ford starts production of its own 1.6 litre diesel at Dagenham — an engine which, the company claims is capable of 70 mpg at a constant 56 mph. Initial output will be of 150,000 units a year and Dagenham will be the sole source of supply for all Ford's European plants. *If demand* warrants, Ford can push output up further.

The new diesel has been *anything* but a *peripheral exercise* for Ford, which is spending £140m on it. The engines will go into Escorts and Fiestas *(and their van versions).*

By the same token, BL has joined with the specialist diesel engine manufacturer Perkins to produce a diesel engine to fit its medium car range — and possibly the executive model to be produced jointly with Honda — in 1985. It is also expected to go into a van version of the Maestro (a petrol model should be launched within a year). This engine, however, is to be a "direct injection" unit — in which the fuel mixture is injected directly into the combustion chamber rather than into a pre-ignition chamber.

Mercedes-Benz makes two van ranges covering twelve different weight versions but has seen increasing competition in the diesel sector from Volkswagen.

It would be the first engine of its type — all the existing units, even Ford's new one — are of the "indirect" injection type.

Theoretically, it should increase existing diesels' fuel consumption advantage to up to 50 per cent, compared with the 20-30 per cent advantage claimed for current light diesels over petrol engines. Certainly, BL and Perkins — the latter will have worldwide marketing rights for production not required by BL — are claiming that it should provide *average* fuel consumption of 60 miles per gallon.

Investment

The point about all these developments is that they allow the introduction into car-derived vans of high fuel efficiency engines, the investment in which could never have been justified for light commercials alone. For while the European car market this year is likely to be about 10m units, that for car-derived vans by comparison is forecast by Ford this year at just over 400,000.

There is still a purchase price premium to be paid for diesel versions, which can vary widely; but as the unit cost of diesel production has come down with higher output, the gap has been narrowing (a Vauxhall Cavalier car with the Family II diesel, for example, is now down to about £260 more than the petrol equivalent).

Bedford, Opel's sister company in the UK, specialising in commercials has already made a marked impact with the diesel version of its car-derived van. Launched only last year, it is already accounting for 40 per cent of Astra van sales.

The diesel car market itself inevitably is subject to considerable fluctuation.

This is because the only reason for buying a diesel is to cut fuel costs (the diesel is generally noiser, more sluggish than a petrol engine and requires servicing more often). So any change in fuel price structures is inevitably likely to have a pronounced effect on sales.

The recent decline in fuel prices in real terms has already sent diesel car sales sharply into reverse in the U.S., where immediately after the 1979 crisis it was predicted that they would be taking 20 per cent of the market. Instead, they have more than halved from the 1961 level.

But whereas a diesel car is very much a discretionary purchase, light commercials are bought with running costs as a prime consideration. And with fuel tax regimes in most European states structured in favour of diesel—it is less than half the price of petrol in Italy, for example—the expectation is that diesels will continue to make inroads into the light commercials market.

Even the current stagnation in fuel prices—another consulting group, DRI Europe forcasts a drop in real terms over the next two years and no further increase until the end of the decade—is likely to have a decreasing impact on diesel sales, however.

The light diesel market got its initial stimulus from the quadrupling of oil prices in 1974. Improvements to the diesel were made as the market became more worthwhile to the manufacturers, and the 1979 rises repeated the process.

So now, the manufacturers are likely to do everything in their power to make diesels yet more attractive, simply because of the investments they have got tied up in them.

Panel vans remain the largest single commercial vehicle category in Europe, and it is in France that some of the biggest changes have occurred.

AID forecasts that diesels will have 93 per cent of the sector in France by 1986, compared with about 63 per cent two years ago.

The biggest factor has been the arrival of Renault's new Trafic and Master vans in diesel form. Previously, Renault had catered to the sector with the Estafette, which had been available only in petrol form.

Their impact can be measured from the fact that while sales of petrol panel vans rose by 28 per cent in 1981 compared with the previous year, those of diesels rose by 221 per cent. With the recent arrival of the Peugeot J5 and Citroen C25 vans of similar weights (they are versions of Peugeot's Ducato van joint venture with Fiat in Italy) the diesel share can be expected to grow even more quickly.

In West Germany, diesel penetration has increased from 10 per cent in 1974 to 44.8 per cent last year and is forecast by AID to reach 75 per cent by 1986.

Until 1980, Volkswagen had not offered diesel versions of its vans—the diesel fuel price was not, until then, particularly advantageous. VW had tended to occupy the lighter end of the panel van market, topping out at 2.5 tonnes gross weight, while Daimler Benz, itself producing mainly diesels, had dominated the higher weight categories.

Spin-off

However, as a spin-off from the Golf, VW introduced a diesel version of its Type 2 Transporter van in 1980, and these have gone on to account for nearly a half of Transporter sales. So by 1981, it had edged slightly ahead of Daimler Benz in total diesel van sales in West Germany—47 per cent against Daimler Benz's 42 per cent—and its position has been strengthened further this year with the extension of its larger LT range up to 5 tons, and the introduction of six-cylinder engines in petrol, diesel and turbocharged diesel forms.

The engines were themselves developed from the 1.6 diesel, using a modular "building block" system in which, despite the two extra cylinders, many components are shared. All the variants have 187 common parts.

The highly advantageous fuel pricing structure of Italy has long seen diesels dominant. They had 53 per cent of the panel van sector at the time of the first oil crisis.

Ironically, however, Ford's diesel powered Transits are the market leaders, with about 40 per cent of the market. Fiat, symbolic of its investment hiatus in the 1970s, did not offer a significant diesel competitor, and it is only now with the advent of the diesel Ducato it is starting to put up a challenge.

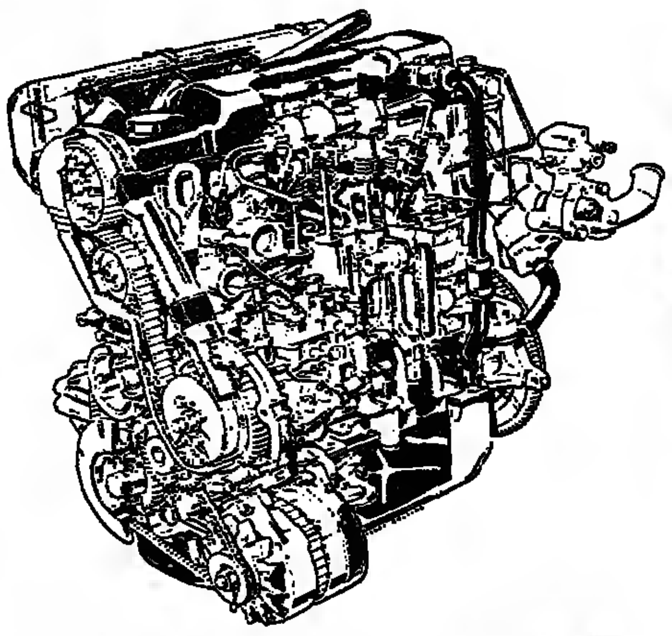
With the launch of the Ducato, it is certain that in a few years diesel domination of the Italian panel van market will be complete.

Hitherto, the UK has been the only European odd man out. Growth of the diesel van market has been discouraged for several reasons. One is that only recently—partly as a result of the UK Government increasing the duty on diesel fuel by only half that applied to petrol—has diesel emerged at the same price as, or slightly cheaper than, petrol.

Another is the unique-to-the-UK legislation under which a vehicle above 2.55 tonnes gross weight becomes subject to an annual commercial vehicle test (lighter vehicles require only a three-yearly test). That has encouraged operators to opt for the lighter vehicles. But these were predominantly petrol-powered. And when diesels became more attractive, the only diesel engines available had sufficient extra weight to take them over the crucial 2.55 tonnes limit.

The advent of new, lighter diesels for such vans and a legislative climate increasingly likely to favour diesel fuel, should help to overcome the obstacles.

The Japanese industry, a major producer of panel vans which find their way into markets throughout the world, serves to underline the diesel trend. Between 1976 and 1981, its output of petrol vans rose by 52 per cent. In the same period, diesel production rose by 152 per cent, and reached 37 per cent of the total.



Ford's new 1.6-litre diesel, which will be built at Dagenham, and (above, right) the latest Fiesta, one of the models which will use it.

THE RISE OF THE DIESEL VAN

(registrations, 2.01-3.5 tonnes)

1981-86

	1981	Diesel content	%	1986†	Diesel content	%
Belgium	15,401	8,172	53.1	17,200	13,900	81.0
France	118,954	75,366	63.4	111,400	103,600	93.0
West Germany	119,126	53,363	44.8	104,600	78,200	74.8
Italy	73,064	64,494	88.3	79,900	78,300	98.0
Netherlands	19,762	9,992	50.6	20,200	15,900	78.6
Spain	24,785	24,785	100.0	32,900	32,900	100.0
UK	81,133	12,821	15.8	97,800	44,000	45.0
Total W. Europe	452,225	248,993	55.0	464,000	366,800	79.0

† Forecast.

Source: Automotive industry data.

Kenneth Gooding explains how European manufacturers are reacting to stiff competition from the East

Panel vans sales push by Japan

THE JAPANESE have had—and will continue to have—a profound influence on the Western European market for light commercial vehicles of between 1.2 and 3.5 tonnes gross weight, a sector which takes in purpose-built panel vans and pick-ups.

The Japanese "invasion" has been very swift. Five years ago they accounted for just 6 per cent of total European sales of this sector. By 1980 the share was up to 11.7 per cent and in the first quarter of this year it was running at 17.2 per cent. And that was in spite of a major cutback in Japanese sales in Britain.

British makers reacted in 1981 after the Japanese share of the up-to-3.5 tonnes commercial vehicle business jumped from 16 to 25.6 per cent in only 12 months. Pressure from the UK Society of Motor Manufacturers and Traders (SMMT) forced the Japanese makers to be more "prudent" in their approach.

Last year Japanese penetration of this particular market sector dropped steeply to around 15 per cent and in the first five months of 1983 was down to only 11.52 per cent.

Japan's sales push has been mainly felt in those European markets where there is no domestic manufacturer of vehicles and in some cases Japanese penetration is now well over 50 per cent.

However, West Germany, which exports about half its vehicle output and therefore plays a rather lonely role on the Continent as protector of free trade, has taken no action to halt the Japanese advance.

As a result, the Japanese share of sales of commercials between 1.2 and 3.5 tonnes has risen from 4.5 per cent in 1980 to 15 per cent in the first four months of this year.

There is no doubt about which company suffered most from this Japanese success. Volkswagen, as the market leader had most to lose. Its market share, 52 per cent in 1980, was down to 46 per cent in the early part of this year.

In Germany, the Mitsubishi L300 van has proved particularly successful while, looking at Europe as a whole, the Toyota Hi-ace has been very popular among the Japanese products.

Squeezed

Volkswagen has also been squeezed in many of its European export markets by Japan's inroads. The German group's European market share in 1980 was 20.3 per cent. In May this year it was down to just 16 per cent. Meanwhile, over the same period the Japanese penetration has risen sharply.

Having established a bridgehead, some assembly-manufacture in Europe by the Japanese companies is about to take place. Not, it would seem, as part of some "grand design," but simply because in two particular cases it suits the companies involved to do so.

General Motors aims to beef up its commercial vehicle operations in Europe by producing Japanese designed vehicles—including the Isuzu WFR ran at Luton in the UK and GM promises an 80 per cent local (that is European) content at ex-factory prices. GM, it will be remembered, owns 34 per cent of Isuzu as well as 100 per cent of Bedford in Britain.

GM and Isuzu have also set up a joint sales company, operating into a dealer network which in the past has handled only Bedford vehicles.

Nissan is also moving into European production of light commercials, though rather reluctantly, after being forced by the Spanish authorities to take control of Motor Iberica. Output of the four-wheel-drive Patrol started in February and eventually should rise to an annual 15,000 to 17,000 vehicles with 8,000 to 10,000 for export. This will be followed in early 1985 by production of the Vanette with a projected annual output of 7,000 for Spain and up to 10,000 for export.

Obviously, these "Europeanised" Japanese vehicles will to some extent substitute for imports. Imports of the Patrol to Europe will stop once production is at full-steam-ahead, for example.

With the Vanette, Nissan hopes to steal some business from imports like the Mazda and Toyota vans. However, both GM and Nissan also expect to do better against the European-owned companies as well. Not that the Europeans have been resting on their laurels. Volkswagen launched a new Transporter in 1980 and recently put improved engines in the 1975-launched LT van. Renault has introduced the Trafic-Master range while Fiat and the Peugeot group have their joint vans, sold as the Fiat Ducato, the Peugeot J5, Citroen C25 and the Talbot Express.

In Britain, BL decided not to pull out of this part of the commercial vehicle market and has produced an improved Sherpa van. This has enabled the group to benefit from the self-imposed restrictions by the Japanese and Sherpa sales have been at record levels this year; in the first five months registrations totalled 6,495, up 63 per cent on the same period of 1982.

The major question remaining, however, is: what will Ford do with the Transit van, now nearly 18 years old? In spite of its vintage, the Transit last year retained its place at the top of the list of best-selling European commercial vehicles (excluding the car-derived variety). Transit registrations last year reached 98,700, up from 95,000 in 1982.

Ford, like BL, benefited from the Japanese constraints in Britain — when the Japanese surged to 27 per cent of the under-3.5 tonne market Ford's share dropped to 29 per cent. Last year the group was back to a record 40.6 per cent share, not only because a "price and product re-alignment programme" (some reductions in price, some improvements in specification for the Transit) worked well, but also because Ford entered the one-tonne pick-up business with the P 100, based on the old Cortina saloon, made in South Africa and therefore escaping the restrictions on the Japanese whose models previously dominated this market sector.

Facelift

But the Transit cannot be expected to hold on for ever, even though it has been "freshened" (a minor facelift) this year. In the Transit's home base, Britain, the new Continental products have been gaining ground—they increased their market share from 11.5 per cent in 1981 to 18.5 per cent in the first four months of this year.

Ford's Transit replacement, code-named Triton, has been on the stocks a long time and the launch has been delayed so often that any prediction about its emergence into the market place has to be very tentative. However, it really does seem that the new Transit will be launched in 1984.

Ford's predictions about the 1.2 to 3.5 tonne market this year suggest a mixed bag of results with the European total being pulled down particularly by a major decline in France.

France was the best of the European markets last year with sales in this sector of 133,000 but, following the Government's action to dampen down the economic activity, Ford feels that registrations could drop as low as 100,000 in 1983. The company predicts a reasonable upturn in Britain, from 116,200 to 125,000 while in West Germany, the other major market for commercials of this type, its forecast is for sales to rise from 114,000 to 126,000 this year.

The prediction about France has adverse implications for Renault in particular because that group relies on its home base for about 70 per cent of sales of Trafics and Masters.

The Ford forecasts fit neatly with those from DRI Europe which cover the whole sector up to 3.5 tonnes, including car-derived and microvans.

DRI says in its latest "European Trucks Forecast Report" that "the exception to the improving European demand (for commercial vehicles) picture is again the light sector. As the consumer cycle has lagged the recession in industrial activity, van sales held up longer—especially in France and Italy. The downturn in these two large markets will cause a contraction of sales this year, though modest growth will again be achieved thereafter."

Dealing with France, DRI suggests the light commercial market should not be expected to exceed the 1982 peak until the 1990s. In Italy, sales of light commercials were buoyed up last year by the launch of the Fiat Ducato although consumer demand was already on the wane. "In 1983 the payback for this long maintained momentum will occur and we expect a 12 per cent fall in sales."

DRI also forecasts that production of light commercials in Germany (as distinct from sales) will remain below the previous peak for as long as it is possible to make reasonable forecasts "as the German industry is unable to win back overseas markets lost to the Japanese competition."

Kenneth Gooding

Toyota's Hi-ace has proved popular in Europe, along with other Japanese panel vans which have penetrated the market considerably.

PRODUCTION
(panel vans, 2.01-3.5 tonnes)

	1974 Petrol	1974 Diesel	1974 Diesel %	1981 Petrol	1981 Diesel	1981 Diesel %
W. Germany ...	254,486	17,148	6	133,505	125,624	48
Italy	34,028	16,785	33	18,353	61,633	77
UK	81,827	27,796	25	49,538	33,128	40
France	61,625	34,212	36	42,432	80,698	66
Belgium	30,271	13,600	31	20,099	25,824	56

Source: AID

Operators continue to look towards higher and lower weights

Medium trucks market declines

TEN YEARS after its introduction in 1973, Ford in July stopped producing its A-series range of light trucks.

The A-series, which operate at between 3.5 tonnes and 6.3 tonnes gross weight, have been assembled at Ford's Langley plant in Britain. The company says there should be no effect on employment there now it is out of production.

Ford says the A-series would have needed some investment to bring it up to date but that volumes are now so low as to make this not worthwhile. Last year the company produced only 580 A-series for the UK and 682 for export to West Germany, France and Italy.

In Britain, the A-series vehicles have mainly been used for "one-off" applications such as special breakdown vehicles or invalid buses with tailgates for easy exit and access. Ford reckons the introduction in 1981 of its Cargo range has seen operators replacing A-series with Cargo vehicles of similar weights.

One factor in the A-series demise was that some years ago there were problems with the diesel engine, subsequently eliminated but which deterred the fleets from buying the trucks.

The market for trucks of 3.5 to 6.3 tonnes gross in Britain has declined sharply since it became necessary to fit tachographs to vehicles over 3.5 tonnes. Ford forecasts that registrations of such trucks will fall from about 5,580 last year to about 4,680 in 1983 and that the decline will continue.

Measured against the total over-3.5 tonnes market in the UK, the 3.5 to 6.3 tonners peaked at 16.1 per cent of the sector in 1981, possibly distorted by large deliveries to the Post Office. Last year this sector accounted for only 12.4 per cent of the total "heavy" (over 3.5 tonnes) market and so far this year it has been below 11 per cent. Ford believes it will decline to 8 or 9 per cent.

Leader

Market leader in the sector is Mercedes (Daimler-Benz) with 26.1 per cent, just leading Dodge, which does well with the Dodge 50, 24.8 per cent, Iveco (Fiat) with 18 per cent and Ford 16.1 per cent.

Leyland has dropped out of this sector for the time being when it ended production of the FG-series trucks at the end of 1981.

Leyland decided that the engineering effort required to bring the 20-year-old FG-series to a position where it could meet the type approval regulations which came into effect in April this year (the truck in particular would have failed because of the requirement for seat belt anchorage points) would not be worthwhile given the low—and falling—volumes involved.

In 1980 in Britain 644 FG-series trucks were registered, most of them in the 3.5 to 5 tonnes category although the series did go up to 7 tonnes.

Sales in the following year were down to 267 and in 1982 reached only 111.

The indications are that Leyland will leave a gap in its range in this category because the British market has tended to graduate towards 3.5 tonnes at the bottom end—the weight at which an operators' licence is required—and 7.5 tonnes at the top end because that is when the driver needs a HGV (heavy goods vehicle) licence.

Leyland is still represented in the sector by the Terrier which starts at 6.5 tonnes and is due to be replaced sometime in 1984 with the vehicle code-named MT211. The sister company, Freight Rover, which produces the Sherpa vans, will cover the lower end of the weight range with the MT210 large panel van, an addition to the range due to be launched later this year.

Home base

Compared with the UK, where the 3.5 to 6.3 tonnes sector is only 11 per cent of the 3.5 tonnes-and-over market, in West Germany vehicles of this type account for 25 per cent and it is from this healthy home base which Daimler-Benz draws its strength. It has 80 per cent of the sector.

In Germany, as in most other Continental markets, customers prefer large integral panel vans rather than the chassis-cabs which are more popular in Britain.

Ford probably will fill the gap left in its range by the end of A-series production by taking the Transit van up to 3.5 tonnes and by adding a version with a 10-foot body length. At the same time the Cargo could be brought down the weight range to 5.8 tonnes, or possibly 6 tonnes.

Ford was also influenced to some extent by the fact that the 3.5 to 6.3 tonnes segment in many Continental markets is following the trend set in Britain. And against the background of falling demand, on the Continent there is the added competition brought by the Japanese who are successfully selling vehicles such as the Toyota Dina and the Mitsubishi Canter.

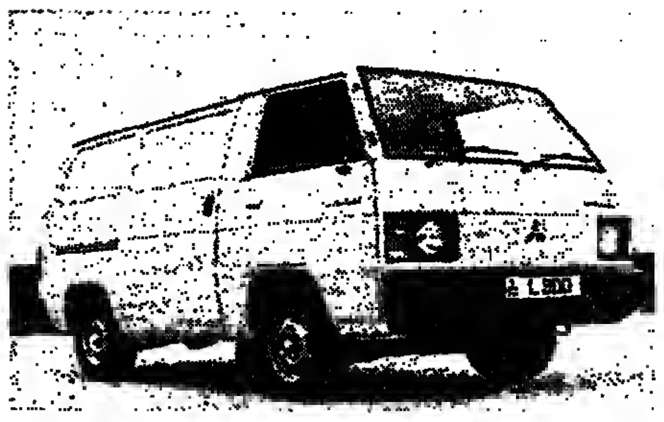
Forecasts from DRI Europe cover a wider territory, from 3.5 to 15 tonnes, but give an indication of the trend. According to DRI, in the eight major European markets (Belgium, Netherlands, France, West Germany, Italy, Sweden, Spain and the UK) registrations of trucks in this sector, having dropped by 10.8 per cent to 106,000 in 1982, should improve by 5 per cent this year to 111,650. In 1984 sales are forecast to rise by a further 10.5 per cent to 123,400.

In contrast, production of trucks in the 3.5 to 15 tonnes sector in the same countries are forecast to fall 4.6 per cent to 168,450 this year following a drop of 8 per cent to 176,600 in 1982. Only in 1984 does home demand enable output to move up again, by 10 per cent to 185,700, according to DRI.

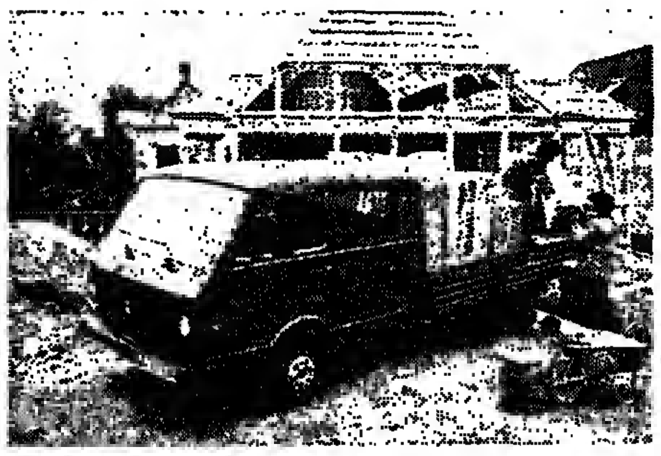
Kenneth Gooding

Alan Bunting takes a close look at the construction of some of the main market contenders

Individuality in state of the art design



The Mitsubishi L300: its impact on the one-tonne market has been felt especially strongly in Germany.



VW's LT double cab, which can carry four people. Its chassis can be fitted with various bodies.

The Daily from Fiat is also produced as a standard van and with various body styles.

COMPETITION BETWEEN Europe's van and light truck manufacturers was given an extra turn of the screw in the mid-1960s with the launch of the Ford Transit. Remarkably, 18 years later, the Transit still provides the market benchmark, in the UK at least.

Its design was thought revolutionary. It brought the bonneted layout back into fashion, which enabled the engine to be kept right out of the cab area and permitted easy cross-cab access and/or provision for a third crew seat.

Further, the driver or mate could step in or out of the vehicle with "both hands full." In contrast, the full forward-control layout of earlier van and light truck models from Ford, BL and Commer involved an awkward clamber over the wheel arch to get into the driving seat.

Ford also pioneered in the Transit a form of body/chassis construction which major rivals, notably GM-Bedford, Volkswagen and Mercedes-Benz have followed. Deep inverted top-hat section steel pressings form the main longitudinals.

On panel vans the top-hat flanges are welded to the main (ribbed steel) floor panel; in chassis-cab variants—able to accept proprietary bodywork—shallower top-hat pressings take the place of the floor sheet, to complete a strong enclosed box-section chassis member.

Today's Ford Transit models, which were given major front-eyed restyling about five years ago, remain market leaders in the UK, in both short and long-wheelbase versions, engineered for payloads up to 1.1 and 1.9 tonnes respectively.

The all-new Transit which is under development should consolidate Ford's market leadership in Britain. More crucially, it is intended to recoup some of the market share lost elsewhere in Europe, where newer continental vans and light trucks in the past decade have raised the state of the art.

On the domestic front GM-Bedford's CF range remains the main challenger to Ford. Its use of independent coil spring front suspension in place of the Transit's more orthodox leaf springs and solid axle makes for better ride and handling. Last autumn the CF vehicles were improved internally to make the crewspace more comfortable and less "van-like" in its layout. Noise levels in the cab were also reduced.

The CF is of semi-forward control layout: the engine intrudes back into the crew area enough to hamper cross-access—a criticism also levelled by some at the Mercedes-Benz Bremen models which are now selling in large numbers in Britain despite a high price-tag.

In the main battle for sales between Ford and Bedford, the Transit has held consistently on to its reputation for greater ruggedness, witnessed by the proportion of eight to nine-year-old Transits still to be seen on the road. Only the unfortunate early history of Ford's York diesel engine—poor fuel economy, difficult cold starting and lubrication problems—mar the Transit's success story.

While Ford and Bedford compete nose-to-nose on load capacities and cargo-space dimensions, BL is currently in contention only in the lighter, smaller sector, against short-wheelbase Transit and CF models. Its Sherpa vans and chassis-cabs can be traced back to the former BMC J4, in terms of body and cab shell design although BL, like Ford, made the fundamental change from a forward-control forward-entry layout to a full bonneted configuration.

Step-in cab

The Sherpa has an easy step-in cab with adequate accommodation for three crew members. It is noticeably narrower than the Ford and Bedford, a foot which has its plus side; a number of major users concerned with manoeuvrability and access in congested urban traffic — notably British Telecom — now specify Sherpa vans for that reason.

Last year French-controlled Dodge Trucks discontinued those long-established PB-Spacevan models which provided the most direct UK competition for the Sherpa. Now controlled by Renault, the company effectively has replaced the PB with the French-manufactured Trafic van and chassis range, though at present they are being sold only through the Renault car dealer network in Britain.

However, the Trafic's bigger relation, the Renault Master (grossing 3.5 tonnes, like the heaviest Transit/CF models) is being sold by Dodge truck dealers. It gives them a contender in a market sector not previously covered by Dodge, except with the lightest 50-series vehicles—a different breed of vehicle altogether, appealing to users with a heavy truck operations background who want high-mileage durability.

Uniquely, the new-generation Renault commercials are built in both front and rear-wheel drive form, to satisfy the respective traditional expectations of van operators in France and elsewhere. The Master, at 3.5 tonnes gross, is the heaviest fwd commercial now being offered in Europe.

The main attractions of a fwd layout in a van come from the absence of a propeller shaft, allowing the load platform to be eight or ten inches lower. Thus cubic capacity of the body is increased and the laden centre of gravity can be lowered, to the benefit of ride and handling.

A joint French-Italian project led to the development of an all-new fwd transverse-engined range of vans from Peugeot-Talbot and from Fiat. In recent months the visually identical Talbot Express and Fiat Ducato have begun to appear in considerable numbers on British roads. They compete directly with the Renault Trafic on international markets as well as with the rear-engined Volkswagen type 2 and short-wheelbase Ford Transit/Bedford CF.

In payload terms one of the Fiat Ducato's competitors on the British market is the 3 tonnes gross Daily, built and marketed by Fiat's Iveco truck division, but, as with the Dodge 50-series, the Daily is a much more heavily-built vehicle, with truck antecedents.

Germany's vans and light trucks in the all-important 3.5 tonnes gross sector come from two manufacturers totally unrepresented in that weight class until the mid-1970s. The forward-control LT range took Volkswagen into a completely new market. Previously, the only VW commercial was the rear-engined type 2—which remains a best seller in the 1-tonne payload category.

Meanwhile Mercedes-Benz inherited the light van-building activity of the Hanomag concern, which it took over a decade ago. Indeed today's Mercedes van contenders are built at the Bremen plant in Northern Germany, which came with the Hanomag takeover.

Technical comparison between VW LT and Merecedes-Bremen models is a fascinating exercise. The LT's forward-control layout, with the engine under the seat pan, is a compromise, admitted by VW engineers, arising from the need to rationalise cab design through a range of vehicles grossing between 2.8 and 10 tonnes.

Mercedes on the other hand, designed its Bremen range to extended up to only 5 tonnes or so. Fore/aft weight distribution thus enabled the front axle and engine to be located well forward, ahead of the crew-space, allowing easy step-in entry and full-width seating. I should be added that the latest LTs have their engines tilted over to reduce their height, so that three-man seating becomes a possibility.

Durability

Also on the credit side, VW's new range of engines (petrol and diesel) are all quiet, smooth six-cylinder units. Mercedes sticks to longer-established four-cylinder designs which probably have the edge on durability against VW. Independent front suspension is another VW plus from the ride and handling point of view, up to 3.5 tonnes gross.

Compared with their British rivals the newer European vans and chassis-cabs, especially those from Mercedes-Benz and Renault are "taller." A multi-drop delivery driver can step in and out of the vehicle easily, without stooping — an ergonomic benefit to which increasing importance is being attached in the 1980s.

From Japan, in order of UK market importance, Toyota, Nissan and Mitsubishi have made an impact in the one tonne payload van market, with well-equipped vehicles that appeal to smaller users. Fleet buyers are more inclined to buy British or, at least European.

Another Japanese-designed van which will go on sale next year is the Isuzu WFR, to be produced by GM-Bedford at its Luton plant as a more compact and, arguably, more elegant alternative to the short-wheelbase CF.

All the Japanese vans, including the Isuzu, are forward-control, forward-entry designs which make maximum use of the road space occupied by the vehicle for cargo carrying, even though ease of crew entry (and exit) might fall short of bonneted vehicle standards.

Renault Master vans adapted as airport transit buses. Masters are built in both fwd and rwd.

Ford's latest Transit has been given some cosmetic changes but an all-new Transit is being developed.

The MAN-VW 136F has a six-cylinder diesel engine and five-speed gearbox.